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The Nation's Business

Canada is Creating Labor Bottleneck

Ottawa is taking the easy rather than the wise course in deciding to call the first 30,000 draftees for training with no exemptions for skilled workers.

The decision is not a wise one. The most important war contribution Canada can make at the moment is to keep the wheels of war industries whirring, producing the equipment that is vitally necessary to victory. No skilled craftsman who occupies a key post in any plant should be permitted to leave his work for a day or an hour, even to take military training.

The situation is discussed in an important news article in this issue. What will astonish many readers is the fact that, while the Government has set up a National Labor Supply Council to deal with matters of labor supply for war industries, the council was not even consulted when the "no exemptions" decision was made.

Canada is nearing a bottleneck in skilled labor. The Government, despite the repeated warnings of its best-informed dollar-a-year officials, is ignoring the development of this most serious problem, whose existence may have almost disastrous consequences if it is not recognized and dealt with soon.

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One More Step Must Be Taken

The Minister of Munitions and Supply has effected some important shifts among the $1-a-year personnel of his department. The changes do not represent a "shake-up" but rather a re-assignment of responsibilities based on the expansion and the changing character of the work.

One notable change is the disappearance of the so-called Executive Committee and the concentration of responsibility in the Minister. He in turn farms it out to various executives, each of whom has his own specific job to do.

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There is one sound, proved business principle that has not yet been applied in the organization of war supply in Canada. That is the appointment of a "general manager" to direct the whole effort.

At the present time the general manager's functions are being handled by the Minister, Hon. C. D. Howe. Mr. Howe has, no doubt, confidence in his ability to carry on his ministerial and political duties without interference with his responsibilities as "boss" of war supply. There are others who share Mr. Howe's confidence, for he is a person of considerable drive and ability.

But Mr. Howe is no superman, and only a superman can successfully do all the jobs Mr. Howe is trying to do. Moreover his recent handling of the Montreal Terminals appropriation in Parliament suggested that for an engineer he knows a lot about politics.

It is better to be a good executive than to try to be a superman. It would be wiser for Mr. Howe to put one experienced, competent executive in charge of the war supply department with supreme authority to set up his own system for getting results, to name his own assistants and co-workers. We are certain that the dollar-a-year men Mr. Howe has gathered around him would welcome such a change. They have great respect for Mr. Howe, but they would have equal respect for a 1940 Sir Joseph Flavelle.

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Until this is done the war supply effort will always be in danger of breaking down, no matter how smoothly it may seem to be functioning at any particular time.

Until this is done, Mr. Howe is going to find it increasingly difficult to resist political pressure in appointments, in allotment of factories to different areas, etc.

Already there have been criticisms of some recent decisions by the Minister. Already he is being accused of political favoritism in respect to them. The charges may or may not be just in any particular case. But their existence cannot make for unity in the war effort. The way to avoid such dangers is to divorce the actual administrative side of war supply from the political and policy-making side.

Let the cabinet, with expert advice, plan the country's war effort. But let the business job of supply be done by businessmen on business lines. And the business way of doing a job is to appoint a boss and let him devise the necessary system, and name the right assistants, to get the job done.

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Abitibi Deserves A Better Fate

As the midnight hour approaches for the giant Abitibi Power and Paper Co., the holders of the company's preferred shares are redoubling their protests against an auction sale of its far-flung properties. The bondholders, now in the saddle, are deaf to their pleas, whether for mercy or justice. They seem determined to brook no further delay in reorgan-

(Continued on page 2, col. 3)

Hint Drastic Move On Labor

Ottawa Watching Feared Shortage of Skilled Workers — Might Take Action

From Our Own Correspondent

OTTAWA.—Wartime labor problems are rapidly coming to the fore on Parliament Hill.

Most imminent test of the Government's labor policy (or lack of it, as some critics maintain) will be the effect on essential war industry of the first compulsory training draft. Details of the draft were announced this week.

The Government has decided to call the first draft of 30,000 men without making any exceptions even though the men who are called may be doing essential war work.

True, industry may submit proposals to the Government which will avoid dislocation of personnel as much as possible. But these arrangements can only postpone the calling of men in the draft age. They do not permanently exempt employees, no matter how vital their job.

Those who support this policy argue that it would be impossible to start granting exemptions. They point to the experience of the last war as an example of the evasions which follow any attempt to discriminate. They argue that the withdrawal of 30,000 men monthly across Canada for 30 days will be scarcely noticeable even in war industries. The results of the first draft will, in their judgment, demonstrate the soundness of their view.

Claim Findings Ignored

But in mid-July, the Government appointed a National Labor Supply Council as an off-shoot of the Department of Labor.

This council is representative of every important labor group in the country. It includes representatives of the Canadian Manufacturers' Association, the Canadian Chamber of Commerce, the Canadian Construction Association and the mining industry. Its chairman is A. J. Hills, chief of personnel of the C.N.R. Secretary of the Council is Humphrey Mitchell of the Department of Labor and former M.P.

Its first job was to study with care and diligence this very problem of priority for industrial labor engaged in essential war work. Its complaint now is, that after weeks of hard and fruitful study, no attention has been paid to its findings.

In fact, it is claimed that the Government announced its policy of no exemptions for draftees, without even bothering to consult the committee it had set up for that purpose.

Fear Disastrous Shortage

And underneath this current controversy is the growing concern that this country will face a major and perhaps disastrous shortage of manpower within the next few months unless some very drastic measures are taken promptly to meet the situation.

In Britain and in Australia, far-

(Continued on page 2, col. 1)

Canadian Car to Build 600 Hurricanes

New Order for Front-Line Fighters Reported Worth $13.5 Millions

New supplies of Hurricane fighter planes will be available for Canada's air force in Britain from this country. Hurricane planes made in Canada by Canadian Car & Foundry Co. are reported to have been used by the first R.C.A.F. squadron to get into action against the Germans as a unit. These were part of the first order for 60 of these famous fighters placed in Canada.

Now the British Government has placed an order for 600 more of these Hurricanes with Canadian Car & Foundry, The Financial Post learns.

Production on this large order will be partly farmed out to other Canadian aircraft makers. These will produce some of the parts, but the main order and assembly will be handled by Canadian Car & Foundry in its own aircraft plant.

According to word given out the other day by British authorities, the average price for fighter planes of this type is about $22,500, a little less than on third of the cost per plane of a large bomber. There is no official word of the price involved in the Canadian Car order, but on the basis of the average figure cited above the cost of the 600 Hurricanes would work out at $13.5 millions. Canadian prices might be somewhat higher.

This would be considerably less than the per plane cost of the first order for 60 Hurricanes which were valued at $2.4 millions, an average of $40,000 per plane.

Poster Push

Canadians will shortly be treated to posters and inspirational placard messages distributed throughout the country by G. H. Lash, Director of Public Information.

One of these will be a striking reprint in poster style of excerpts from Winston Churchill's latest speech.

CANADA DECLARES WAR!
THE EVENING
PLAN TO SET TIME LIMIT TO GERMANY ON WARNING
TORONTO DAILY STAR
'TIME FOR ACTION'-CHAMBERLAIN
Poland Is Invaded and Warsaw Bombed
ITALY DECIDES TO AVOID MILITARY ACTION
The New York Times.
GERMANS SHELL WARSAW, RESIDENTS IN FLIGHT; CANADA OMITTED FROM U. S. NEUTRALITY ORDER; MARKETS HERE RISE; ATHENIA WAS SHELLED
The Globe and Mail
ATHENIA IS TORPEDOED
Liner Canada-Bound, 1,400 Aboard, Sunk Off Hebrides; Cabinet Reshuffled
Fleet Clamps Blockade on Baltic; Dominion Pledges Aid
His Majesty Calls on Empire;
FRENCH JOIN WITH BRITISH
Mostly Canadians 150 U S Citizens On Passenger List

The headlines of a year ago are already old in history.

Wheat Cost Rivals That of War Itself

Estimate Guaranteed Price Costs Canada $31.5 Millions This Year Plus $40.5 Millions a Year for Storage Alone

(From Our Own Correspondent)

OTTAWA.—With the present crop being estimated at around 500 million bushels, Canada's wheat problem begins to rival, in the burden that it imposes on the Federal treasury and the taxpayer, the problem of war finance.

Without peace, there is no apparent solution of this problem short of removing the Government price umbrella which has sheltered wheat producers so snugly from the risk or loss that wheat acreage on the prairies this season bounded upward from 25,813,000 to 27,750,000 acres, and the harvest is bringing torrents of wheat which can be nothing but a drain upon national finance and a blackout headache to the taxpayers.

This crop year ends with a carry-over of 285 million bushels of wheat. The new crop adds some 500 million bushels to these stocks, bringing the total to 785 million bushels. From this, domestic requirements for seed and food can be deducted—120 million bushels—reducing the exportable surplus to 665 million bushels.

Normal World Supply

What this means may be grasped most quickly if it is remembered that 600 million bushels was about the average world export movement in the years preceding the war. That is, Canada now holds as much wheat as the nations of the world normally bought from outside their boundaries in a year.

Consider these additional facts. The war has struck Canada's wheat export trade like the Black Death itself. In the year before the war we sold wheat to 55 countries. Last May we were selling wheat to 12 countries — including France and Switzerland.

We are now left with 10 customers, most of whom take trifling quantities. They are: Britain, Eire, Spain, South Africa, Brazil, Colom-

(Continued on page 2, col. 2)

Canada Now Entering Second Year of War

A year ago the hearts of democrats everywhere stood still as Britain's solemn declaration of war was flashed to the world in the dark hours of the Sunday morning.

In the quarter-century pause between battles, Canada had attained maturity, strength to play a different and mightier rôle in the Empire cause.

So far in the first year of this war, the casualties of Canadian soldiers are as follows: seven killed in action, 35 wounded by enemy action, one died of wounds, four missing.

Canadian casualties in the first year of the previous war were 4,073 killed and 9,341 wounded or missing.

The outbreak of war in August, 1914, found Canada in the midst of an economic depression. While there was much unemployment and consequent distress throughout the country during the winter of 1913-14, there would have been much greater distress during the ensuing winter of 1914-15.

This time, Canada went to war as she recovered from depression, when conditions were giving many indications of health and continued betterment.

Then, war's need was for great numbers of soldiers. In September, 1914, sailed the first contingent comprising all ranks. By the end of January, 1915, there were 1,090 Canadians in the theatre of war; by the end of August, 1915, there were 21,581.

Today, Britain's main need is for the raw materials and the weapons of warfare.

In the previous war, Canadian industry was mobilized mainly for the production of shells and explosives. By the end of 1915 (18 months of war), British expenditures in this country for war purposes totalled $57 millions.

Now, every phase of Canadian productive capacity is being mobilized and in 12 months of this war British purchases, commitments and capital outlay here probably reach $250 millions.

In the past war, Canada's war expenditures to the end of the fiscal year March, 1915, were $61 millions; for the following fiscal year, $166 millions.

In this war, Canada spent $118 millions to the end of March, 1940, on war, and has budgeted for a second year of war costing $1,038 millions.

Shell and explosive production was swiftly organized in 1914 but up to the end of 1915, less than $3 millions worth of these supplies had crossed the Atlantic. This volume climbed to $231 millions by the end of 1916.

In this war, Canada is making a wide variety of vital war machines.

The War And Business . . *A Weekly Round-up*

Speeding Joint Defense

This week "3,000 miles of undefended frontier" became even more of an imaginary line than ever before.

The major decision made by the joint U.S.-Canada defense board was that in planning the defense of the two countries the frontier should be deemed not to exist. Defense strategy would be drafted as though the two countries were one. If an airfield or a naval base or a coastal fortification is needed in some area it will be spotted where it will do the most good. Whether it is placed on Canadian or American soil will not matter. The United States in drafting a programme of national defense will consider its boundaries to embrace the entire boundary line of Canada. Canada in turn will plan not just for its own defense but with American needs in view.

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The second decision the board arrived at was that its function was one of planning the military strategy of defense. Economic and financial problems are out, so far as this board is concerned. The board has drawn the clearest possible line to define its functions and the line stops short of economic planning. That will be left to others.

A third decision was that there would be substantial unification of specifications for all military equipment used by the two countries. Thus Canada will shift more and more to American-type 'planes, ships, engines, guns, tanks, etc. This will accelerate tremendously the working out of a joint programme. It will permit economy and speed in the manufacture of the most suitable defense equipment. It will permit exchange of experimental data, of instructors, even of equipment itself.

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Emphasis was placed by members of the Board, in their talks, upon the word "permanent" in its title. President Roosevelt insisted on this. Representatives of both countries agreed that, once started, these joint defense talks must and will become a permanent feature of the life of the two countries. Joint defense is not being studied merely for the duration of the present war or of existing threats but in terms of an enduring, ever-changing but ever-continuing plan.

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Loans From U.S.A.

If the joint defense board decided to leave economic and financial considerations out of its planning it was only because they felt that military strategy in itself provided a big enough field for their discussions. But the two countries themselves showed evidence this week of realizing that joint defense must imply joint economic planning. Secretary of the Treasury Henry Morgenthau remained over the week-end at the Seigniory Club on his "holiday" with his family. But he slipped up to Ottawa, unannounced, for a day; lunched with the Prime Minister, conferred with high ranking treasury and Bank of Canada officials; and consulted with other governmental leaders. Several financial leaders visited him at the Seigniory Club.

It was obvious this week that Mr. Morgenthau was discussing loans to Canada and possibly too, a new tri-partite scheme of currency stabilization to embrace Canada, United Kingdom and United States; in effect a union of the sterling and dollar areas of the world.

Early advances to Canada on commodities, to be made through the Export-Import Bank, are foreshadowed. And soon after the new Congress meets, following the American elections, an amendment to the Neutrality Act permitting Americans to lend money to Britain and Canada is expected.

The Export-Import loans would have a double purpose; to ease Canada's exchange position and to put this country in a position to control exports of vital materials to some would-be aggressor countries, notably Japan.

The whole situation is discussed at greater length in a special article on this page.

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Machine Tools

In Washington, Britain is still getting a goodly measure of preference in the allocation of industrial capacity, machine tools and raw materials for manufacture of war equipment and munitions.

This is not sheer, unadulterated unselfishness on the part of the United States. The chief reasons are these:

First—and most obvious—it is realized in Washington if not everywhere in the United States that Britain is now fighting a war that is as much in the defense of this hemisphere as of the British Isles.

Second, the British War Purchasing Mission is able to agree with industrialists on prices and terms. U.S. officials on the other hand, are hamstrung by profit limitations and confusion in respect to such matters as amortization. Industries knew where they stood with the British; they still are not certain where they stand on U.S. orders.

Third, American defense planners realize that what is needed even more than immediate production of aircraft, ships, explosives, tanks, etc., is the provision of plants to build these things in enormous quantities. British orders are giving the U.S. an armament industry. Long after British may have stopped buying, that industry will still be there, turning out things that the American services need.

Private reports are that greater progress is being made in mobilizing American industry for defense purposes than has been indicated by newspaper despatches. Apparently the war supply co-ordinators have tried to avoid making optimistic promises. In so leaning backward, they have promised less than they are almost certain to deliver.

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More Taxes Soon

Every day brings Canada closer to new taxes. It will be remembered that when Finance Minister Ilsley delivered his review of the country's war finance at the end of July he pointed to the discrepancy between war commitments of about $1 billion and war appropriations, granted by Parliament, of $700 millions. He reminded the House of Commons that there would be another session in the autumn.

That session will most certainly deal with tax matters. One good forecast is that the exemption from sales tax, now allowed on construction materials, will be lifted. As a matter of fact, lumber and some other materials are in such demand for war purposes that the Government would willingly deter—rather than promote—private building.

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These Too Are News

Important "War and Business" news in this issue is so plentiful that it is impossible to summarize all of it here. But these facts among others are brought out in various articles in different parts of this issue:

In drafting men for military training Ottawa, plans no exemptions to skilled workers, no matter how vital they may be to the war effort. (They can defer but not escape military training.)

The Government has taken over the huge gun plant of Sorel Industries and is expanding its operations.

Dollar-a-year men in the Department of Munitions and Supply have been shifted around. A list of the changes is published elsewhere.

Canada may shortly have a short-wave station for broadcasting to enemy territory and elsewhere.

Canadian Car and Foundry has a new British order for 600 Hurricane fighters.

Predicts U.S. Loan For Canada Soon

Better Prices for Canadian Securities in New York and Readier Flow of U. S. Investment Funds Here Foreseen

From Our Own Correspondent

OTTAWA.—Several recent events are added up by financial observers here to arrive at the following forecasts:

1. A loan of $50 millions or more to Canada from the U. S. government-owned Export-Import Bank.
2. Amendment by the next Congress of the Neutrality Act to permit borrowing by Canada (and probably Britain) in the United States.
3. Continued stabilization of the Canadian dollar in terms of N. Y. funds at the current 10-11% rate.
4. Steady improvement in the price of Canadian securities in New York and a revival of the flow of American private investment in Canadian securities.

In short, the Ogdensburg conversations and the establishment of the Permanent Joint Board on U. S.-Canada defense are regarded as heralding profound and favorable changes in the wartime financial relationships of Canada and the United States.

Would Ease Exchange Control

An important but incidental effect of the fulfillment, even in part, of the above forecasts would be that Canadian investors holding United States securities could regard them as reasonably safe from being taken over by the Canadian Government.

With the American capital market open to Canada there would be less need for drastic measures to conserve Canada's precious store of American dollars, which are a vital part of Canada's war effort. Present measures of protection, such as the 10% exchange tax and the ban on pleasure travel in the U.S.A., would remain. But new and stricter measures of control and conservation would probably be avoided.

An important news development, widely reported in the press this week, was U. S. Secretary of the Treasury Morgenthau's "holiday" at the Seigniory Club. Unreported was his visit to Ottawa where he lunched on Saturday last with the Prime Minister and conferred with Treasury and central bank officials.

U. K. Sends Us Gold

Another interesting recent development, not reported in the press, is that the United Kingdom is now paying for some of its war supply purchases in Canada by transfer of gold to Canadian account.

It is felt here that the United Kingdom would not be using its gold supplies to pay for Canadian supplies if British Treasury officials were not fully confident of being able to continue to pay for warplanes, tanks and other equipment bought in the United States.

In brief, the Canadian and British war chests of American dollars are not nearing the exhaustion point and will long outlast the period during which borrowing in the United States is likely to be restricted.

Economic Collaboration

In treasury circles, both in the United States and Canada, it is recognized that economic and financial

(Continued on page 5, col. 4)

Might Control Tire Buying

Companies Might Not Be Able to Meet Higher Civilian Demand

Capacity of the Canadian rubber industry to handle the requirements of both war and normal business is severely taxed, The Financial Post learns.

Whether or not the industry will continue to be able to handle civilian needs readily, apparently depends on how the scale of government business holds. If it continues to increase at the rate of the past few months, then major tire companies will be faced with the alternatives of increasing productive capacity or taking some other steps either to fill civilian needs from other sources or restrict buying from this source.

While this may not be an immediate problem, it is accepted that there is practically no tire and tube mak-

(Continued on page 2, col. 2)

Government Takes Over Great Arms Plant

From Our Own Correspondent

OTTAWA. — Announcement last week of the appointment of W. Barnacal as general manager of Sorel Industries, Ltd. marks the taking over by the Government of one of the biggest armament manufacturing concerns ever established in this country.

Mr. Barnacal has been production engineer to the Department of Munitions and Supply. Prior to this wartime appointment he was manager of the mining division of Dominion Bridge Co.

Sorel Industries, Ltd. was established in 1939 to manufacture in Canada, 25-pounder guns in association with the Schneider-Creusot (French armament) interests. The guns were on order from the British Government and the plant was erected along lines recommended by the French armament manufacturing group which held the patents. Something over $5 millions was invested in the plant, one of the most up-to-date in the world and now getting into production.

Because of the tremendous increase in armament orders from U.K. which followed the Battle of France, it was found necessary to greatly enlarge the original plant capacity. This necessitated an expenditure of more than double the amount originally invested in order to provide working capital and further money for plant investment.

The new contract under which this investment will be made calls for a three-man directorate of which W. F. Drysdale, munitions director of the Department of Munitions and Supply, will be chairman. Other members include a representative of the British Government, and E. Simard. W. Barnacal will be general manager.

Capacity of the plant will be increased to manufacture several other types of armament as well as 25-pounder guns.

By utilizing the Sorel Industry plant, production of the new weapons will be speeded from six to nine months over what could have been obtained by the Government making an entirely new investment.

Although financial arrangements are not finally completed, it is understood that the Government has made a thorough inventory of the existing property and that this will be kept in a separate account, in trust, for the original owners of the enterprise.

Whatever amounts are written off as depreciation will be set aside in a trust fund and credited to the original owners in respect of their present investment.

Profits will also be set aside for later distribution and it is probable that the Government will retain an option to purchase the original investment at the war's end if so desired.

Famous Pair To Aid Cause

Although the date hasn't been set yet, one of the highlights of the brilliant "Let's Face The Facts" series will be a special one-act dramatization by the world famous actors, Alfred Lunt and Lynn Fontanne.

The script is to be written specially for the occasion by Robt. Sherwood, who gave the thrilling masterly address last Sunday.

This will be only the second time the Lunt-Fontanne pair have ever appeared on the radio. The first occasion was in aid of the American Red Cross.

Make Sure You See—

An Expert Examines Canadian-U. S. Pact
Canada Key to U. S.—p. 9.

Canada May Join Short Wave Broadcasters
World Voice for Canada—p. 9.

What 132 Air Raids Feel Like
Canada May Never—p. 16.

War Taxes Rubber Firms' Facilities
Too Much Business—p. 10.

Eastern Porcupine Opens New Mines
Porcupine Stretches East—p. 15.

New Uses Sought For Wheat
Is There No Use?—p. 16.

Americans Now Seeking Canadian Securities
New York's Interest—p. 5.

Hat News FROM EATON'S

TO-DAY'S HEADLINES by Eatonia

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TORONTO CANADA

Hint Drastic Move On Labor

(Continued from page 1)

reaching steps have already been taken to conscript labor; to prevent "stealing" of key workers, unwarranted wage increases, and shortage of trained craftsmen.

Australia, for example, has placed labor control directly under its department of munitions and supply. No employee is allowed to move from one industry to another, or from one employer to another, without permission of the authorities. British control legislation under Laborite Ernest Bevin is equally drastic.

Doubt Need Here

Opinion differs as to whether Canada has reached the point where equally drastic measures are warranted.

Through the National Labor Supply Council (a purely advisory body) leaders of organized labor have shown the utmost willingness to co-operate. Canada, it is claimed, has not yet begun to exhaust the possibilities of co-operative effort to solve immediate and potential labor troubles.

It is also admitted that there is little chance of effective results unless there is much more vigorous leadership and unless someone is given authority to direct and coordinate wartime policy between different departments of government.

Whether that authority (as in Australia) should rest in the hands of the Department of Munitions and Supply rather than with labor department officials or the Department of National War Services, remains to be decided.

With Canada's armament and munitions programme growing at a most prodigious rate, some definite decisions on this question cannot be long evaded.

Classified Advertisements

Classified ads. cost 4c. per word and figure for each insertion. Minimum ad 12 words. Add six words when box number is required. When replies are to be mailed to advertiser, add 10c. Classified ads. payable in advance. Contract rates on application.

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Wheat Cost Rivals That of War Itself

(Continued from page 1)

bia, the West Indies, Central America and the United States. The U. S. incidentally imports practically no Canadian wheat for home consumption. Most of the wheat imported from Canada is milled in bond and exported as flour.

Complete Harvest Left Over

Prospects are for an export of wheat, including wheat flour, of about 175 million bushels in the crop year just begun. This means that we could fill all our orders out of the 1939 harvest: the new harvest is just as unsaleable, unless peace returns, as the wheat which will be grown in 1942 or thereafter.

The drain of the wheat growers upon the Dominion treasury has been very great and, under prevailing policies, will become greater. The 1938 crop set the treasury back more than $60 millions. Last year the Government guaranteed 70 cents per bushel and while the price rose above this figure for several months of the year, there is a huge unsold surplus still on hand and little prospect of a higher market.

Meantime, storage charges eat steadily into the taxpayer's pocket. They run to about 9 cents per bushel per year. In other words, wheat which cost Ottawa 70 cents in the fall of 1939, must now sell for 79 cents if loss is to be avoided. When it is considered that there is no real prospect of selling all the 1939 crop in the present crop year (which ends July 31, 1941) it is obvious that the price would have to soar substantially before the Government could hope to break even.

$315 Millions This Year

And now comes the new crop. Again there is a guaranteed minimum price of 70 cents per bushel. The farmers cannot deliver unlimited quantities of wheat to the elevator companies and get this price, because the elevators are nearly filled. Therefore, the quota on deliveries is five bushels per acre. But the Government, again, is paying for storage, whether the wheat is stored on the farm or in the elevators. The rate works out at about 9 cents per year. This wheat, therefore, will advance in cost to the taxpayer at about 9 cents per year until it is sold. This year, for example, the Government will have to whack up $315 millions to pay for the crop. And in the full 12 months, according to present prospects, not a bushel of this year's crop will be sold. A year hence, therefore, the cost to the Government of this wheat will be 79 cents per bushel, and so on. Storage charges alone add $40.5 millions per year to the cost.

Political Pressure

At the moment, political manoeuvres are under way, the outcome of which will probably mean that the Government will have to put up a fair part of the guaranteed price forthwith.

The farmers are declaring that the five bushel quota per acre on deliveries to elevators will prevent them from delivering their wheat and cashing in on the 70-cent price. Thus, they will not be able to pay the costs of harvesting the crop nor will they be able to finance themselves throughout the winter. They desire a cash advance on their wheat.

At the outset of this agitation, the Government resisted. Hon. J. G. Gardiner, Minister of Agriculture, in a statement at Winnipeg on August 20 emphasized the generous treatment that Ottawa was giving to the farmers. With respect to an advance on the new crop, he suggested that this was a problem for the Provincial Governments and the municipalities.

Lean on Ottawa

But it has since been made clear, at Ottawa, that if the Provincial Governments find themselves unable to find the money needed, they should come to Ottawa. The Dominion, it is suggested, will be ready to lend a hand.

In all the discussions on wheat policy to date, there has never been one word about either allowing the price of wheat to find its own level and thus, if it should be below profit point, curtailing production; or, alternatively, of controlling production through Government agencies.

Meantime, at great expense and loss to the taxpayers, a price for wheat is being maintained which has stimulated the industry to the extent of an increase of nearly two million acres over last year.

May Control Tire Buying

(Continued from page 1)

ing capacity available that is not now in use.

Army Needs Heavy

Hon. C. D. Howe, Minister of Munitions and Supply, recently told Parliament that Canadian automotive factories were then producing mechanized units for the armed forces at the rate of 600 a day. This was to be increased substantially before the end of the year.

Allowing only five tires per vehicle, this would mean 3,000 tires and tubes per day for original equipment alone. Replacements are probably higher under wartime service than in civilian use, and even the specially made puncture-proof tires used on these vehicles will need repairs and replacing.

It is said that Government orders already given or under negotiation this year total about 625,000 tires, or about 26% of all pneumatic tires produced in 1938. More orders are said to be in the offing.

Production of tires and tubes for these vehicles means a heavier demand on rubber companies than normal business because sizes are larger and special construction needed.

Production of motor vehicles in Canada for the first seven months of this year totalled 125,380 units, of which 49,697 were commercial cars of all types. This is a gain of 21.7% over the corresponding period of 1939 and, with the single exception of 1937, the highest of any corresponding period for the past five years.

For an analysis of the problems facing the Canadian rubber companies, the fear now dominating executive minds, and a review of the position of the individual companies please see special article on page ten.

The Nation's Business

(Continued from page 1)

ization of the company. Abitibi must go under the auctioneer's hammer.

In effect this probably means that the properties will go to the bondholders on their own terms; there seems little chance of a British, American or even a Canadian group being organized, under present conditions, to submit a competitive bid.

* * *

Only one escape seems open to the preferred stockholders from the complete wiping out of their $35 millions cash investment in this timber empire of the north. That would be a move by the Ontario Government to stop the sale. This Premier Hepburn can do if he wants to. After all, the province does own the timber rights leased to the company.

A year ago it seemed that the Ontario Government would not permit the auction sale of the property. The Minister of Lands and Forests, when war broke out, made it clear that the Government considered it inadvisable to proceed with the sale "in view of changed world conditions." Well, world conditions are about the same as they were then and the Government is now apparently going to let the sale proceed.

In past years the preferred shareholders had their chance to save their property and they failed to take advantage of it. Now they can make no protest against the proposed sale on legal grounds. But on the grounds of simple justice they have made out a strong case.

* * *

The whole issue of what is justice in the Abitibi case rests upon the question of whether or not there is any equity in the property, or any earning power, greater than is represented by the bondholders' claims. The rate of earnings shown by the company this year is cited by the preferred shareholders as proof that there is such an equity and a substantial one. There are other authorities who do not agree; who feel that Abitibi is worth about what the bondholders are likely to bid at the auction sale, and no more.

But this much cannot be gainsaid; if the time was inappropriate for an auction sale a year ago it is equally inappropriate now. If the Ontario Government felt that the sale should not be pushed last fall it should be taking the same stand at the present time.

* * *

It is difficult to know why the Ontario Government, which so strongly opposed the proposed judicial sale a few months ago—in fact there is evidence that it opposed the sale only a few weeks ago—should now permit it to go ahead.

If Premier Hepburn has reasons for a change in stand he should make those reasons public. Certainly there are a good many people who are sincerely puzzled to know just where justice lies in this unhappy situation and who would appreciate any light the Premier could throw on the matter.

* * *

Wheat Problem is Staggering in Size

The facts about Canada's wheat problem, as set forth more fully in an article elsewhere in this issue, are appalling.

We have on our hands an exportable surplus of about 665 million bushels, which is as much wheat as all the world's importing nations bought from outside their own boundaries in a normal year. And yet the number of possible buyers has narrowed from 55 in the last year before the war to 10, some of whom require but trifling quantities.

We are guaranteeing the farmer a minimum price of 70 cents per bushel and, in addition, the taxpayer is paying for storage charges on the unsold wheat. We are hazarding hundreds of millions of the public's money. The ultimate cost to the treasury will run into tens of millions on this year's crop alone.

* * *

It is argued that 70 cents is the very minimum price for wheat that will sustain the western economy; that a price less than that will drive the West into bankruptcy.

But here is a most striking and disturbing fact: Last year's 70 cents price guarantee had the effect of increasing wheat acreage in Canada by two million acres. Apparently 70 cents (and the possibility of more) looked good to the farmers.

* * *

Canada is faced with two alternatives. We must either let wheat find its natural price level, no matter what that may do, in the short run, to the West's standard of living. Or we must "go the whole hog" and control the acreage that may be sown to wheat, meanwhile speeding up the process of change-over to a western farm economy less dependent upon wheat.

We cannot continue as at present to temporize with a problem that in 10 years has grown to gargantuan size. We can defer, but not eternally avoid, a more positive and courageous wheat policy.

* * *

U. S. Loans are Nearer for Canada

There are indications that the American capital markets will soon be open to Canada for any borrowing that may be necessary to increase our supply of U. S. dollars. Ability of Canadian governments, corporations and individuals to borrow in that natural market would greatly strengthen our hands in the prosecution of an effective war effort, particularly if we borrow providently and not as an easy escape from a "pay-as-you-go" policy.

The present Congress is not likely to enact the necessary amendment to the Neutrality Act. There is not time for that. But after the elections, the new Congress is likely to take the initiative in amending the Act. It is better that it should happen this way than that Canada should go, hat in hand, asking for an exemption from the law.

* * *

The ban on Canadian borrowing was at all times an unfriendly gesture that could not serve to promote good neighborliness between these two countries. With Canada and the United States now embarked upon a permanent programme for their common defense, it is an anachronism to maintain an embargo against loans to or new investments in Canada.

It is equally an anachronism for the United States to maintain the double barrier of the Johnson Act (war debt defaulters) and the Neutrality Act against borrowing by Great Britain in American markets. We may feel confident that this too will be recognized by the American Congress and that Britain too will be given access to American capital within a few months.

* * *

It is probable that the American people do not realize that the various protective measures Canada has had to take to strengthen her exchange position—Foreign Exchange Control, the ban on pleasure travel, the 10% tax on imports from non-sterling countries—were all measures forced upon us by the action of Congress in banning loans to Canada. Yet, in one sense, we in Canada should be grateful to the American people for having forced these measures upon us. They have brought us sharply to a realization of the essential facts of war finance. They have led us to adopt measures of self-denial that we might not otherwise have taken if the easy way of American borrowing had been available to us at all times.

In the meantime, while the Neutrality Act will remain in force for some time yet, some new American dollars are likely to be made available to Canada if the Senate approves the House bill authorizing the Export-Import Bank to make loans to Canada.

* * *

Also a favorable factor in the situation is the resurgence of American investor confidence in Canada. This is shown by the flow, small but increasing, of American capital to Canada to buy some of our presently outstanding securities. (Purchase of such is not barred by the Neutrality Act laws.) It is shown, too, by the recent considerable advance in the prices of Canadian securities in American markets. The very large spread that formerly existed between the Canadian and American quotations for such securities is narrowing nicely.

* * *

Paying for War Is Not Easy

A new war loan will make its appearance in a few days. It will no doubt receive the full support of Canadian investors.

Canada's policy in this war is one of paying the bills to the largest possible degree as incurred. We have imposed upon ourselves a scale of taxation designed to bring into the Dominion treasury, in a full year, $950 millions of tax revenues. This is double the scale of taxation to which we have become accustomed. Even so, the "pay-as-you-go" ideal cannot be achieved and there must be some public borrowing to meet war bills.

"Never before in our history have we faced a saving problem—an investment problem—of such magnitude," said Hon. James Lorimer Ilsley, K.C., Minister of Finance, in discussing this problem in the House of Commons at the end of July.

He made it clear that we should have to do without luxuries and even without some comforts if we were to win the war.

Taxation makes it compulsory for people to cut down their normal expenditures in order that the Government may spend more than normal sums on defense of security. Subscription to war savings stamps and war loans is the means by which people can add voluntary effort in self-denial.

Considering the magnitude of our war expenditures, governmental borrowing is on a modest scale. The new loan should be quickly sold to eager buyers.

Tabouis Writes For Post

Madame Genevieve Tabouis, brilliant French diplomatic writer, does not think Hitler can win. She is writing for The Financial Post a special article on the subject, "Why Germany Can't Beat Britain."

The article will appear in an early issue of The Post, probably next week.

Madame Tabouis, born and brought up in the most intimate of French diplomatic circles, has for years been recognized as the best informed woman writer on the European continent. She is now a refugee from France and is temporarily resident in New York.

When The Financial Post asked her if she would not tell Canadian readers her frank appraisal of Hitler's chances in his effort to invade Britain she accepted with alacrity.

Madame Tabouis performed a tour de force last week end when she addressed the Institute of Economics and Politics at Couchiching Park. She was scheduled to give two addresses. Unavoidably delayed at the border, she arrived late and gave her two addresses in quick succession at one evening session.

It was of Madame Tabouis that Adolf Hitler remarked that she was the only person in the world who knew what he was going to do before he did it.

Regulations are Simplified For Travellers to U. S.

New orders issued at Washington considerably simplify the requirements for Canadian travellers to the United States for short periods.

Following is the procedure now required as explained to The Financial Post by officials:

1. Get your Canadian passport. It carries your photograph and establishes your identity and good standing.
2. Get a border crossing card from a United States immigration official, or preferably from an American consul.

To get this card it will be necessary to make application on a prescribed form. It must be sworn as to your age, name, etc., and the United States officials will take a print of one finger. Getting this border-crossing or identification card is a much simpler matter than getting the visa formerly required. At present it takes about 24 hours to get the card through, but it is expected that when the machinery gets running smoothly the time will be greatly reduced. Under the former system it took two weeks to a month to get a visa completed.

These border-crossing cards will be good for one year if the passport is good for that time and for as many crossings as a person wants to make in that time. Even in the case of a passport good for five years, cards will not be issued for more than one year.

These regulations apply to travellers going to stay less than 30 days in the United States or daily commuters at border points. Persons visiting the United States for more than 30 days must go through the former requirements of being fully registered as non-resident aliens in the United States, being fingerprinted etc.

Montreal and Quebec Province officials are conferring on the question of debt owing to the city. According to the municipal accounts the amount is $3.7 millions.

Steel Workers Get Increase

Conciliation Board Grants Higher Wages to Algoma Steel Men

A recommendation for a war bonus to all workmen if the cost of living increases 5% in the six months period from the signing of a new agreement is a part of the report of the Board of Conciliation which dealt with disputes between Algoma Steel Corporation and its employees.

Three groups of employees were involved in the dispute. Members of the Algoma Steel Workers' Union would receive certain wage increases, according to a schedule prepared. Recommendations were for a general increase of 8½ cents an hour, proportionate increases in tonnage rates, with employees receiving less than $125 a month getting a 2 cents an hour increase, and those in receipt of between $125 and $150 a month one cent.

With reference to the railway employees of the company the Board said it saw no justification for interfering with present rate structure and the policy of the company. It recommends that these men be considered maintenance employees and receive the same increase as the latter.

Authorities look on this award as particularly significant. It is regarded as an important decision in that it may set a precedent for further moves with workers engaged in essential war industries.

HOWARD SMITH MANAGER

From Our Own Correspondent

MONTREAL.—A. E. H. Fair, manager of the Merriton division of Alliance Paper Mills Ltd, has been appointed manager of the Cornwall Division of Howard Smith Paper Mills, replacing D. B. Millidge. Mr. Millidge becomes vice-president of Alliance Paper, taking over Mr. Fair's position at Merriton.

Weekly Record of Financing in Canada

SALES BY MUNICIPALITIES, PROVINCIAL AND DOMINION GOVERNMENTS

Municipal—	Date Issued	Sold to	Rate	Due	Amount	Price	Yield
Kitchener, Ont.	Aug.	Dominion Bank	3% 3%	1941-50 1940-54	$225,000 16,611	99.78	3.04%
Hamilton Treasury Notes	Aug.	Harrison & Co.	1¾%	Nov. 7	200,000	....	1.75%
Summerland, B.C.	Aug.	James Richardson & Sons	4½%	1970	50,000	*99.50	.....

*Offering price.

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To Set Abitibi Reserve Bid

Sept. 20 Date for Argument Before the Master—Reserve Bid Not Revealed

September 20 is the date set for hearing of argument before the Master in the Ontario Supreme Court prior to setting the reserve bid for the sale on October 16 of the assets of Abitibi Power & Paper Co. At this hearing, it is expected that the Montreal Trust Co., the liquidator, R. S. McPherson, and the bondholders' protective committee will be heard as the parties named in the action. It is probable also that the receiver, G. T. Clarkson, will be asked to give his ideas on the question.

When the argument is closed, the Master will set the reserve bid which will be placed in a sealed envelope and is not revealed until after the sale has been held.

The Financial Post has been asked if bids would be accepted for a portion of the assets, such as the power undertakings, without the newsprint properties. It is understood that as the sale now stands this could not be done. It might be possible, however, if someone wanted to enter a bid for some particular portion of the assets to have the original order amended to permit such action.

Urges Deposit of Bonds

Holders of Abitibi Power & Paper bonds are strongly urged that "it is in the personal interest of every bondholder to deposit his bonds under the plan of procedure prior to Sept. 14, 1940," in a letter sent to the bondholders' protective committee over the signature of H. J. Symington, chairman.

Bonds now on deposit amount to over 60% of the outstanding total, the letter claims.

It is asserted that "basic purpose of the plan is to take the company out of receivership through the bondholders being paid their money or getting possession by purchase of the property in lieu of the bonds." The committee is seeking to find out how many bonds it will have to rely upon in completing its financial arrangements.

"If in default of a higher bid the committee purchases the undertaking, property and assets of Abitibi, it is entitled to turn its deposited bonds and matured coupons in place of cash in part payment of the purchase price to the amount which would on distribution of the net proceeds of the sale be payable thereon. While non-depositing bondholders will receive their distributive share of the purchase price in cash after allowance for their proportion of expenses and prior charges, the amount of such distributive share will depend, of course, on the amount paid for the undertaking, property and assets and the amount of such expenses and prior charges. The committee considers that it is in the interests of all bondholders that they support the plan and participate in the distribution of the securities of the new company provided thereby, rather than depend uuon the distributive share payable in cash to non-depositing bondholders, the amount of which cannot be foretold, and which in any event must depend upon the amount of the successful bid."

Ask Insurance Aid

A plea has been made to the 10 Canadian insurance companies which are mentioned by the bondholders' committee in the information filed at Washington with the Securities and Exchange Commission to halt the sale proceedings, by D. H. Gibson, chairman of the preferred shareholders' protective committee. Replies received by Mr. Gibson from these companies which together hold $6.8 millions of Abitibi bonds, suggest that this action is considered by them the best method of removing Abitibi and receivership.

Mr. Gibson maintains, on the other hand, that sale under this condition will be no more effective in aiding bondholders to realize upon their investment than would a compromise plan.

He writes that Abitibi now has about $15 millions of net current assets.

He reminds bondholders that they recognized an equity for shareholders in 1937 and claims that an even greater justification for such an equity exists at present.

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Mr. Howe Still Boss Of Munitions Supply

From Our Own Correspondent

OTTAWA.—Reorganization of the department of munitions and supply will place Canada's great co-ordinated war production and purchasing system on the lines of a regular government department.

Hon. C. D. Howe has dissolved the executive committee, which has worked out successive problems of policy and administration since the department was formed last March. But he has retained each member in a post as head of a division of the department's activity with which each has been closely connected in the formative stage up to now.

Mr. Howe's reorganization, designed to departmentalize the war supply administration, since virtually all broad aspects of supply problems have now been dealt with, falls short of the proposal to appoint one non-political administrator entrusted with the task of gearing supply policy with the most urgent needs of the war effort.

This task is still handled by the war committee of the cabinet, with supply experts in the background. As a result, the closest liaison between problems of priority and the nation's industrial capacity has not been achieved.

Remain $1 a Year Men

W. C. Woodward, formerly chairman of the executive committee, and W. A. Harrison, a committee member, became executive assistants to the minister in the new set-up. Mr. Woodward, from Vancouver, and Mr. Harrison, from Saint John, representing the West and the East in Canadian industry and big business, were engaged in general problems before the old committee. Each is a $1 a year man, and will retain that status under the changes, as will other members of the executive committee.

Seven other members of the committee have accepted the following posts in Mr. Howe's reorganization:

Ralph P. Bell—Director general of aircraft production.
Henry Borden, K.C.—General counsel.
R. A. C. Henry—Economic adviser.
J. P. D. Malkin—Director general of purchases.
Lieut.-Col. W. E. Phillips—President of Research Enterprise Ltd.
Hon. Gordon Scott—Financial advisor.
E. P. Taylor and W. F. Drysdale—Joint directors general of munitions production.

Full Industry in View

The appointment of Mr. Bell represents an important forward step, with the ultimate aim being creation of a full aircraft industry to produce a wide range of airplanes required by the air force. Aircraft problems since the war started have been the most difficult in the whole range of supply. The lines already laid down envisage the day when the whole air arm will be Canada-made, though production of engines is still in the future.

Col. Phillips will head the newest government-owned war industry, Research Enterprises Ltd., created to undertake production of scientific and optical instruments needed by the armed forces. President of W. E. Phillips Co. Ltd., Oshawa, and Duplate Safety Glass Company of Canada Ltd., Col. Phillips has been in charge of procurement of naval armament on the executive committee. Research Enterprises will undertake manufacture in Canada of precision and scientific instruments hitherto imported, and a $350,000 plant is contemplated.

Mr. Malkin, a Vancouver businessman, was formerly director of purchases for the department of munitions and supply, and in mid-July was added to the executive committee. As director general of purchases, he will be responsible for placing millions of dollars of orders for Canadian and British armed forces, under the arrangement in effect for two months by which the Canadian department handles British Government purchases in Canada.

This naval procurement programme will now be taken over by Frank M. Ross, of Montreal, who also becomes a member of the executive committee of the department.

British Board Quits

This week also saw the official demise of the British Supply Board. The board was originally the vehicle through which all British war purchasing was done in Canada.

A few weeks ago, Hon. C. D. Howe became the direct liaison for British purchasing in Canada. Now the Board which he replaced has been officially wound up as at Aug. 31.

The Department of Munitions and Supply has now assumed responsibility for almost all business placed in Canada by the British Government except for commodity purchases such as wheat, bacon and so forth.

Exceptions to Policy

There are one or two notable exceptions to this policy.

Canadian Car and Foundry Co. recently received, direct from the British Government, a new order for 600 Hurricane Fighters which are to be made at the company's Fort William plant.

National Steel Car Co. is working on an order for 150 Lysander planes which it received direct from United Kingdom.

Canadian Associated Aircraft Co. is also continuing the manufacture of Hampden bombers independently of the Canadian Government.

John Inglis Co. Gets Gun Order

Contracts for "millions of dollars" worth of Browning machine-guns of .303 calibre have been awarded the John Inglis Co., Toronto, in one of the biggest armament construction moves initiated in Canada since the war began.

The order will nesessitate an addition to the present Inglis plant involving expenditure of $2.5 millions for buildings and machinery. Work now is getting under way.

The completed plant will employ 1,000 men, according to Ottawa reports.

The guns are to be made for the Canadian Government and probably also for the United Kingdom Government.

Government Owned

Plant and equipment will be wholly owned by the Dominion Government, which is furnishing the money for construction and installation.

CONTEMPORARY ART OF CANADA AND NEWFOUNDLAND

YOU are invited to visit the International Business Machines exhibit in the General Exhibits Building, featuring combined display of contemporary Canadian Paintings and the Products of the Company evolved by 300 Research Engineers and their Assistants.

* * * *

A collection of International Paintings assembled by the Company is also on view in the International Section of the Gallery of Fine Arts at the Canadian National Exhibition.

London Calling

by Atticus

Parliamentary Bore No. One Sounds Off and Stalls Business — Benes, the Modern Cavour — Football Versus War

LONDON.—Recent events in the House of Commons are worth more than momentary consideration. Not only were they exasperating but, in my opinion, disturbing. It will be recalled that a secret session had been arranged for that day to discuss foreign affairs, but in the interval there had arisen an outcry in the Press against it. Mr. Churchill dealt with the matter in a speech that was great fun and clearly showed that he was in favor of the public being excluded.

Nothing is more heartening to the nation than Mr. Churchill's indomitable cheeriness, and I am no more immune than anyone else from the infection of his splendid gaiety. But on this occasion it would have been more useful and certainly more advisable if he had simply said that the statement which the Under-Secretary for Foreign Affairs wished to make would be more suitable if made in secret. As it was, his manner aroused those who love to talk about the rights of the House of Commons. It has always seemed to me that procedure is something which assists Parliament to function. There are a number of M. P.'s, however, who seem to feel that Parliament exists for the main purpose of maintaining the sacred rights of procedure.

Thus we had the spectacle of Colonel "Josh" Wedgwood speaking from the Opposition Front Bench with the evident intention of remaining on his feet for the rest of the day. He is a fine old warrior, the champion of lost causes, and a great patriot, but on Tuesday he seemed determined to be acclaimed as Parliamentary Bore No. 1—no mean distinction where competition is so keen. He talked in conversational tones to those about him, he turned his back on the Speaker, exchanged the time of day with his Socialist friends, and smiled upon us all. It was not quite clear whether he was for a public or secret Session, but he was definitely in favor of the House debating that issue rather than foreign affairs.

With this stirring example the little group of procedure purists gave tongue. In vain did the House demonstrate its disapproval with cries of "Divide!" Particularly angry were the serving members of the House who had secured a day's leave to hear Mr. Butler's statement.

• • •

Prisoner?

In the list of casualties published recently there appeared the name of young Major Cartland, M.P., among the missing. I recall so vividly his speech of July, last year, when he opposed the adjournment of Parliament for the summer recess. With a vehemence and passion that were strangely at variance with his youthful, eager face he cried out that within a few months his generation would be dying at the front in their thousands. It was a painful scene, but he went on in a torrent of words as if the spirit of prophecy was on him. This and previous attacks on the Government gravely disturbed his constituency and there were murmurings among the members of his Association. Now, however, his name is held in the highest respect and all do honor to him.

I was encouraged by the contents of a letter from his novelist sister, Mrs. Barbara McCorquodale, who has just reached Canada. She tells me that she has the strongest reasons for believing that Ronald Cartland is not dead but is a prisoner of war. For the sake of his sister and mother, and for his value to the public life of the nation, I earnestly hope that this news will prove to be true.

• • •

A Man of Destiny

The British recognition of Dr. Benes and the coming meeting of the Czecho-Slovakian Parliament in London are events which have aroused world-wide approval and will undoubtedly stiffen the resistance of Czechs against their masters. The whole procedure has a vividness which does not always accompany British diplomacy.

Few men can have led a more arduous life than Dr. Benes, the 56-year-old Cavour of his people. He is small and wiry, with all the rugged endurance of a son of the soil. He neither smokes nor drinks and was a vigorous footballer in his youth. It is on record that he once played for Slavia against the Corinthians. This early love of our game spread to the people of Czecho-Slovakia when it became a republic. I remember, in the spring of 1938, returning from the German frontier to Prague with the gravest foreboding. The Czech army was standing to arms and war seemed imminent. Reaching Prague I noticed that thousands of people were gathered around loud speakers that were belching an excited voice from nearly every shop. More than ever perturbed I left my car to find out what it was all about. A citizen was good enough to enlighten me. "The score," he said, "is Czecho-Slovakia one goal, and Brazil nothing!"

Dr. Benes belonged to the secret society which was pledged to work for the liberation of the Czech race from the Austrian yoke. In 1915 he made a remarkable escape to Paris, where he continued the struggle that eventually culminated in the triumph of Dr. Masaryk and himself. Dr. Benes has never avoided controversy nor escaped criticism. We see in him now a man whose spirit is an undying flame, a patriot who is the trustee of his country's soul.

• • •

A Man of Parts

While Dr. Benes, the man who threw off the yoke of the Hapsburgs, continues his activities in London, the young Archduke Robert, grandson of Franz Josef, is also living here. From his modest rooms in St. James's Street he has watched the unhappy existence of his mother, the ex-Empress Zita, as she has been driven from one country to another by the lengthening shadow of German Naziism. At last there was no European country where she could safely rest her head, and so she has continued her flight to America. The Archduke Robert is sensitive, gentle, and courageous, but he is like the memory of a lost epoch, doomed to be a spectator of events rather than a participant. It is greatly to his credit that adversity has in no way soured his spirit.

We dined together on Friday night, and with a certain recklessness went on to the Queen's Hall, where Mr. Richard Tauber (he is now a British subject) was to appear as a singer, a conductor, and a composer—with the assistance of the London Philharmonic Orchestra, which has suddenly become the darling of everybody after a long period of neglect. All tenors, of course, are good musicians, as any conductor knows, but Mr. Tauber is a particularly good one. If he lacks austerity and sensuousness with the baton, he has pace, refinement and gusto. As an ardent Imperialist I was delighted to read that his new symphonic suite had been inspired by his visit last year to South Africa. It was full of nice sounds, most admirably scored, and we all enjoyed it with the composer and the conductor, who was in good form.

• • •

A Crowded House

A crowded house went into raptures about everything; but I hope that Mr. Tauber, now that he is British, will not rate our taste too low, I can still enjoy "One Fine Day." from "Madame Butterfly," in an opera house, and can revel in the overture of "Die Fledermaus" in the same place, but they are not particularly venturesome at this stage of history as concert pieces.

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The Post-Bag

Modern Vikings

From Newfoundland comes a tale rivalling that of the voyage of Captain Bligh of the Bounty.

Four young twentieth century Vikings, fleeing Hitler, recently reached St. John's Harbor in a tiny two-ton boat. Forty days before that they had left Kristiansfjord, Norway.

These young Norwegians served their country in a vain attempt to keep out the invader, leaving a shipping office in which they worked to join the army. Upon demobilization the four, three of whom had never been to sea before, purchased a 38-year-old boat and set out for the new world.

Scarcely out of sight of the Norwegian coast they encountered a storm. A compass, their only navigational aid was swept overboard. Because of a shortage of gasoline and oil they had to use their sails for the greatest part of the voyage.

They ploughed through a succession of heavy storms. With rations nearing an end they reached a North American haven. Only a few biscuits remained in the larder.

With the perils of the North Atlantic behind, the four now are seeking to establish themselves in the New World.

• • •

Greeter

The United States, we are told, has a rule that none of its career diplomats may marry anyone but an American.

There is something to be said for the rule. It is frightfully embarrassing at times when a diplomat is married to a woman whose nationality was not the same as his own.

There is the case, for example, of the Canadian girl who fell madly in love with a budding diplomat in one of the European countries that is now nominally neutral. In due course, they were married and also in due course, her husband gained promotion.

When Hitler came to Paris the young man was one of the seniors in his country's legation. It was necessary for him to call officially on the head of the German state. And Canadian friends of the Canadian girl report that she had to go along with her husband and greet the mad conqueror.

• • •

When Skies Darken

One of the best tales of high adventure ever written is "The White Company" by Arthur Conan Doyle.

A reader in California calls attention to the last two prophetic sentences of this great book:

> "The sky may darken, and the clouds may gather, and again the day may come when Britain may have sore need of her children, on whatever shore of the sea they be found. Shall they not muster at her call?"

• • •

Full Circle; 1914-1940

We find this in the Glasgow Herald editorial diary:

> "Britain must learn that there is no place for her on the German map except as a German possession."—Kaiser, 1914.
>
> "Never fear that the burnt-out comet of England and her little tail of Colonies will survive. The Empire will fade as a star in the morning sky."—Ditto, 1915.
>
> "Our enemies will die of fear and hunger."—Ditto, 1916.
>
> "We will frighten the British flag off the seas and starve the British people till they kneel and plead for peace."—Ditto, 1917.
>
> "In a month all will be over with the nation of shopkeepers."—Ditto, rather early in 1918.
>
> "Britain will belong to Germany before July is out."—Hitler, 1940.

• • •

Nazis on the Air

Berlin radio propagandists broadcast in many languages that Churchill's speech was the laughingstock of the world. But not one word of the speech was broadcast to the German people by Berlin.

Query: if the speech was such a big joke why not let the Germans have a laugh too? They cannot be getting many these days.

It may interest Canadians to know that the Nazis feel sorry for us. The official Nazi version of the U. S.-Canada defense pact is that the United States is just exploiting British weakness; taking advantage of Britain's hour of peril to put Canada under U. S. "protection."

Patriotic Notes

A Miami laundry will now clean all American flags free. . . . Six men in western Canada, it is said, will this year pay more than 100% income tax, counting Dominion and provincial levies. . . . A smart salesman, whose work requires him to see the executive heads of many companies engaged in important war work, has found the secret of how to make contact with these busy men. He has discovered that most of them are at their offices at 7 or 7.30 each morning. That is the time to see them.

• • •

Not the Real Thing

A Toronto woman was shocked when her 10-year-old evacuee ward arrived from England in heavy woollens. She rushed him downtown to buy him cotton shorts and jersey. The boy rebelled. He did not believe boys wore such things.

To convince him, the salesman showed him drawings all around the walls, displaying the same clothes.

The English youngster was still unconvinced. "But," he protested, "those are only imaginary characters."

• • •

Styles in War Ads.

Advertising columns of British newspapers are as fascinating as the news columns these days. Here are some war ads from a single paper:

The Ministry of Information asks citizens to join "Britain's Silent Column" and gives them good advice on what not to say and when not to say it.

The Ministry also answers the question of what to do if the Germans arrive. "Stay put" is the essence of the instructions.

The Savoy Hotel advertises its air raid shelters as something pretty good.

The Spring Gardens Indemnity Trust offers a scheme to compensate those suffering war damages to their property.

Even the fashion ads reflect the war. Simpson in Piccadilly advertises, "Take Cover in Daks. What every woman needs when the sirens go is a thick sweater and a pair of Daks."

"Daks" are a trim type of trousers.

Poland in Slavery

Germany has reduced Poles to semi-slavery. An article in an authoritative Nazi periodical the other day said:

"The Polish laborer is not our comrade. He may, however, rest assured that his needs will be satisfied, for the sake of the material advantages which we expect to obtain from his efforts."

Poles are under strict discipline; are not eligible for any social benefits; and have to obey Nazi orders . . . or else.

• • •

Hitler Speaks

Was Adolf Hitler a wiser man in 1933 than in 1939?

Here is what he said in that year:

"No fresh European war is capable of putting something better in place of the unsatisfactory conditions which exist today. On the contrary, neither politically nor economically could the use of any kind of force in Europe create a more favorable situation than exists today. Even by the decisive success of a new European settlement by force, the final result could only be an increase in the destruction of the European balance of power, and this would contain the seeds of later differences and fresh complications."

Ontario Gains Less Under Sirois Plan

But Claim Blueprint for Re-Confederation Puts Province's Finances on Sound Basis for Long Term

This is the first of a series of reviews outlining the effect on the individual provinces of adoption of the Rowell-Sirois recommendations.

Because Ontario is a great Canadian centre of industrial and financial life, its prosperity is largely dependent on the prosperity of the rest of the Dominion.

For this reason, it is impossible fully to appraise the advantages to Ontario of implementing the main recommendations of the Rowell-Sirois report.

On the basis of government figures alone, however, it would appear that, financially, Ontario would gain the least of all the provinces by adopting this plan for re-Confederation.

Possessing 33% of Canada's population, 42% of national income, 45-60% of telephones, automobiles and other evidences of purchasing power, Ontario's needs for a new national setup are much less pressing than for the others.

At the same time Ontario's co-operation is vitally important to the success of any plan of re-Confederation.

Of its recommendations for Ontario the Royal Commission report states:

"The direct benefits to Ontario governments which the Commission's recommendations would produce are important, but might not in themselves justify such sweeping changes as are proposed. The case for Plan 1 as it affects Ontario must rest on the much more basic and important benefits which industries, taxpayers and investors in Ontario will gain from national-wide improvement."

Give and Take

By the main recommendations of the report Ontario would receive:

1. Relief from net debt service existing at Dec. 31, 1939.
2. Relief from unemployable unemployment relief.
3. 10% of corporation tax collected by the Dominion from mining and oil producing companies.

The province would give up:

1. Existing subsidy from the Dominion Government.
2. The right to levy personal income tax, corporation tax and succession duties.

On the basis of 1937 the position of Ontario within the new setup would be as follows:

This is what Ontario

GAINS

	$
Net debt service assumed by Dom.	18,539,000
Relief assumed by Dom.	8,347,000
Savings on tax collection	1,099,000
	27,985,000
Municipal subsidies discontinued	2,921,000
Sinking fund discontinued	1,041,000
Capital relief works	5,252,000
	37,199,000

This is what Ontario

LOSES

	$
Taxes transferred to Dom.	28,932,000
Subsidies foregone	2,941,000
	31,873,000

	$
Gains	37,199,000
Losses	31,873,000
Net gain	5,326,000

On the basis of 1936-39 the Province's budget would be approximately as follows:

	$
Cr.	
Provincial revenue	57,300,000
Dr.	
Expenditures	52,600,000
Surplus	4,700,000

Needs No Grant

Because application of the plan would result in this favorable financial position the Commission did not propose to make any national adjustment grant as for other provinces.

The report suggests that this $4.7 millions surplus would be available for expansion of education, welfare, or it might be applied to reduction of taxes.

There is some question as to whether 1937 can be judged the most satisfactory year to take when appraising the effects of the plan on Ontario's financial position.

From one standpoint the sacrifices that would be made by the province are somewhat exaggerated. Especially in the case of succession duties is this true.

In 1937 yield from succession duties reached a record peak of $20.2 millions, exceeding average of the last 10 years by $8 millions.

This Source Drying Up

There is also evidence to suggest that this once exceedingly good source of revenue is drying up.

As for the Dominion's assumption of net debt interest charges, the case for Ontario is more favorable than actually shown. Budgetary estimates for 1939-40 provide for an increase of $2 millions in this charge.

The mining tax rebate to the Ontario Government is larger than the total mining tax it now receives.

On the other hand, unemployment relief in 1937 was costly to Ontario. The benefit it would receive from assumption by the Dominion of unemployment relief may therefore be as great as set forth. It might even disappear entirely or be converted into a loss.

Any loss that Ontario might incur by working of the plan would be of benefit to the Dominion taxpayer and nearly half of the saving would accrue to the taxpayer in the province.

While this forecast of the province's position is optimistic, 1933 is pointed to as a year in which application of Plan 1 would have improved the position of the province by $15 millions.

In any recurrence of a year such as 1933 Ontario would be ensured against difficulty at the cost of some sacrifice in good years.

The report states in this regard:

"This 'compulsory insurance,' if we may so designate it, is a low price to pay to safeguard the financial stability of all the Canadian provinces."

Services High

The Commission concludes from its studies that Ontario does not need a National Adjustment Grant. Expenditures of Ontario on education and social services on a per capita basis are 10% in excess of the national average. The quality of services is higher, even taking into consideration higher costs.

These standards can be maintained with a lower taxation burden than that imposed by other provinces.

The Commission, therefore, sees no claim for national assistance to maintain these standards.

It possesses the most stable economy of all the provinces, well diversified with agriculture, mining, forestry and industry. It is strategically situated near the industrial nerve centre of the United States.

Nevertheless the factors that have made it a focus of national economic life, also link Ontario with the welfare of every other section of the country.

One of the most potent arguments put forward for Ontario playing a willing rôle in the Sirois proposals is that the province shares directly in the fortunes and misfortunes of the other provinces.

Ontario's Premier Mitchell F. Hepburn has been waging a long feud with the Canadian Government. For this reason it is widely expected that, if he is still in a position of power when action on the Sirois report is undertaken, he will at least demand a high price for his co-operation.

Here in summary form is the dollars and cents of the Rowell-Sirois Report. The effect of the main recommendation or Plan 1 on the finances of the Dominion, provinces and municipalities is shown:

Effect of Shift in Taxing Powers and Expenditures
(1937 Base)
Net Gain or Loss

Final Result of Main Recommendation on Finances of Provinces
(On Basis 1936-39 Average)

	Provinces $	Municipalities $	Provincial revenues would be $	National adjustment grant $	Provincial expend. would be $	Provincial surplus would be $
P. E. I.	—153,000	+64,000	680,000	750,000	1,170,000	260,000
N. S.	+996,000	+194,000	6,900,000	800,000	6,900,000	800,000
N. B.	+1,315,000	—40,000	5,100,000	1,500,000	4,350,000	2,250,000
Que.	+2,235,000	+12,967,000	39,800,000	8,000,000	46,800,000	1,000,000
Ont.	+5,326,000	+2,388,000	57,300,000	....	52,600,000	4,700,000
Man.	+1,000	+2,457,000	8,200,000	2,100,000	9,000,000	1,300,000
Sask.	+8,786,000	+500,000	10,850,000	*1,750,000	12,850,000	2,625,000
Alta.	+209,000	+1,092,000	13,100,000	....	10,900,000	2,200,000
B. C.	+2,648,000	+760,000	20,000,000	....	19,100,000	900,000

*Plus up to an additional $4 millions in year of crop failure or similar emergency such as 1937.

THE BEST YOU CAN BUY FOR YOUR PIPE . . . TRY IT.

HERBERT TAREYTON SMOKING MIXTURE

T-340

THERE'S SOMETHING ABOUT IT YOU'LL LIKE

MUNICIPAL HONOR ROLL

Five Years of Progress by Local Government

BELLEVILLE, ONT.

Belleville is the fifteenth in a series of municipalities included in The Financial Post Municipal Honor Roll for 1940.

These municipalities are those which are considered to have shown stability over a period of years, or in recent years have made outstanding progress in improving their financial standing. No attempt is being made to run these in sequence of merit or size.

The last few years have been a period of retrenchment for Belleville, Ont., as the council has turned attention toward restricting capital expenditures. This has halted the rapid rise in indebtedness which took place during the decade prior to 1931. Debentures have been issued only for essential services and then only in comparatively small amounts.

As recently as 1930 and 1931, the city issued $394,172 and $316,547 of debentures, in each of the years, respectively. By 1936 the figure had been cut to $22,900, while it is understood only $26,000 of financing was done in 1939.

While net debenture indebtedness possibly is still somewhat out of line for a municipality of this size, definite progress has been made in reducing it. The per capita figure at the end of 1939 was about $112, down over $43 from five years previous.

Belleville has been able to maintain the sound policy of paying all relief expenses out of current revenues during the five years.

The tax rate has been substantially reduced, while the percentage of tax collections is somewhat better.

Improvement in position is emphasized by the fact the $26,000 of financing done last year cost the municipality only 3.39% for a 10-year debenture issue.

Statistical Picture

	1939	1938	1937	1936	1935
Population	14,678	14,589	14,764	14,578	14,411
Assessment (taxable; in $000's)	10,260	10,224	10,148	10,131	10,409
Assessment per capita $	699	701	687	696	722
Mill rate	45½	45½	49 9/10	50	49 1/10
Tax collections:					
Current collections to curr. levy %	82.2	80.2	79.7	77.4	76.1
Current & arrears to curr. levy %	106.4	101.5	104.1	102.3	98.9
Gross deb. debt (in $000's)	2,606	2,792	2,913	3,014	3,126
Less: Sinking fund (in $000's)	961	1,019	974	908	884
Net debenture debt (in $000's)	1,645	1,772	1,939	2,106	2,242
Net deb. debt per capita $	112.08	121.49	131.36	144.44	155.61
Other liabilities	nil	nil	nil	nil	nil
Relief exp. funded $	nil	nil	nil	nil	nil
Relief met out of curr. rev.	34,317	34,615	36,912	47,210	57,210

Last Debentures Sold

Dec., 1939—$6,000, 3½%, 10 years, sold at 100.57; purpose—sidewalks and sewers.
20,000, 3½%, 10 years, sold at 100.57; purpose—isolation hospital.

Considers Action On Farm Debts

Manitoba Ponders Moratorium Due to Marketing Situation

A special meeting of the Manitoba Government will be held Aug. 30 to consider declaration of a general moratorium on farm debts, Premier John Bracken announces. This step will be taken because of the inability of farmers in the province to market bulk of 1940 crops.

Necessary legislation will be discussed preceding the caucus by the cabinet and opposition representatives with the legislative counsel and chairman of the Debt Adjustment Board.

Future action will depend upon reaction of the Dominion Government, Premier Bracken states. A special session of Manitoba Legislature could be called to draft the legislation.

No action has been taken by the R.C.M.P. for infraction of the section of the Canada Wheat Board Act, which limits grain sales to 5,000 bushels, it was announced. All information concerning these infractions has been turned over to the R.C.M.P., the Canadian Wheat Board announces.

Eagle Pencil Employees Donate Ambulance

Charles G. Easton, vice-president and general manager of Eagle Pencil Co. of Canada Ltd., reports that the staff of the parent company in New York is donating through the British American Ambulance Corps a fully equipped ambulance being sent to England as an expression of gratitude for being "free from fear of bombing planes, parachute troops and invasion." This ambulance is to be used "to help care for those who may be wounded, whether soldiers or civilians."

NO OTHER TIRE LIKE IT !
Firestone
CHAMPION

FROM the innermost fibre to the sensational new Gear Grip Tread, everything in this smart, streamlined Firestone Champion tire is new and different. It sets up entirely new standards of safety and long mileage because it is the result of Firestone's quarter-century of experience in building tires for race track speeds.

Here are some of the things you get in Firestone Champion tires—new Safety-Lock cords treated with a new and advanced Gum-Dipping process; 27% stronger bond between tread and body; 35% greater heat protection against blowouts; an amazing new tread with thousands of sharp-edged angles for quick stops—a tread that gives 11% more non-skid mileage.

Not only is the Firestone Champion an engineering triumph but it is super-value as well—for, with all its extra value, *it does not cost one cent more than ordinary tires.* Have your nearby Firestone Dealer put them on today.

LOWER PRICED FIRESTONE TIRES

In addition to the sensational new Champion tire, Firestone Dealers have three other lower priced tires—

HIGH SPEED, STANDARD, SENTINEL

No matter what price you want to pay for a tire, go to the nearest Firestone Dealer and see the bargains he has to save you money.

SAFETY PROVED ON THE SPEEDWAY FOR YOUR PROTECTION ON THE HIGHWAY

Investment Trends

New U. S. Interest Gives Markets Heart

Defense Talks Awaken Signs of Interest on the Part of U. S. Investors

That stock markets have not yet developed sufficient strength to overcome the selling encountered around the highs established this month is the interpretation usually placed on the subsequent action. This same action, however, also indicates that there is little immediate danger of such a pressure of selling as to bring imminent risk of penetrating to lows under those of the summer.

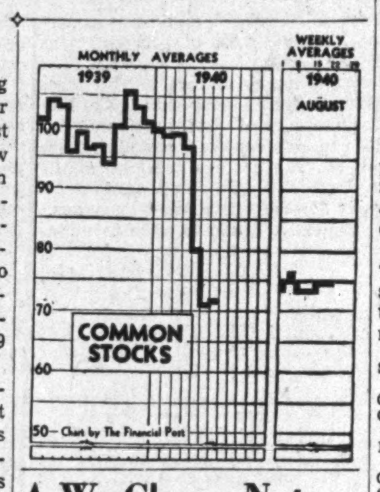
While there is still time, in the opinion of military experts, for an attempt at an actual invasion of England by Germany, a narrow range of movement in stock prices is to be expected. Returning confidence might readily mean a breaking out of the rut of the past couple of months.

Encouraging from the Canadian viewpoint is the improvement in the attitude of American investors toward Canadian stocks and bonds. How far this has gone is made clear by articles in The Financial Post this week. This movement is still in its preliminary stages but any evidence of strong investment buying of stocks would be welcomed by private investors and the stocks exchange members with equal fervor.

Ability of the London Stock Exchange to hold practically all of the gains of the past few weeks speaks strongly for the confidence held at the battlefront in the successful outcome of the current struggle.

* * *

Taxes and Earnings



Interim statements now appearing for the first half of 1940 give better clues than speculation based on past results as to what the effect of new Canadian taxation is going to be on earnings of companies. Tax provision set aside by Canadian companies that have issued interim reports have gone up from 100 to 200%. But in most cases net earnings, after taxes, are still moderately ahead of the comparable 1939 periods.

International Nickel recently reported for the first half of 1940. It shows income and franchise taxes provided to the amount of $9.2 millions compared with $4.4 millions for the 1939 period. Net income, before depreciation, is up 23% in the six months ended June 30 this year, while taxes are up 108%. In spite of this, the company earned $1.17 a share on its common against $1.15 in the 1939 period.

Another example is Shawinigan. This big utility provided $505,572 for income taxes in the first half of 1940, up 154% from the same half of 1939. Net income, before depreciation which is up $100,000, rose from $2.1 millions last year to $2.5 millions this year, a gain of about 20%. After all charges Shawinigan earned 52 cents a share against 51 cents a share in the first half of 1939.

* * *

Stabilizing Effect

It may be true that not enough examples are yet available to permit much generalizing on the effect of higher taxation this year. But what information there is, not only from published interim statements, but also from other enquiries, indicates that the higher taxation is being offset by gains in earnings.

Industrial profits as a whole for 1940 should be somewhat above those for 1939 which was quite a satisfactory year for most companies. But the gains will be far less than they would have been had taxes not been revised sharply upward. The aim of the Government to take as its share the major part of increased earnings resulting directly from war requirements is apparently going to stabilize earnings. It does not hold, however, any particular threat to dividends, acting more to limit chances of much increases.

* * *

In Enemy Hands

Two leading Canadian stocks are included in the recently published British list of securities believed to have fallen into enemy hands. Canadian Pacific common and Brazilian Traction common are the two in which Canadians are interested out of the 25 securities included in the first such list published by the Bank of England.

How many shares of Canadian Pacific may have come under German control as a result of the conquest of France, Belgium and Holland is not known, but it may have been substantial. At the end of 1939, 6.51% of C.P.R. common and 3.85% of the preference was held in countries other than Canada, the United Kingdom and other parts of the Empire or the United States.

The last war brought some grief to C.P.R. which involved the position of Canadian securities generally in Holland. Because of controversy over C.P.R. stock which allegedly was held by German interests at that time, all Canadian stocks were under a ban in Holland until a couple of years ago. Now the same situation appears to have developed in an intensified form.

As for Brazilian, this stock was listed before the war on the Brussels bourse and an important part of the capital invested in Brazilian Traction came from Belgium, France and Switzerland. It is understood that about 25% of all Brazilian shares were held in Belgium in the form of bearer share certificates prior to the war. Status of this large block of shares is uncertain at present.

So far as can be learned, however, the amount of Canadian securities actually falling under enemy control since the war has not been large. Immediately after the outbreak of war many Europeans disposed of their Canadian holdings. Others sent theirs to safer refuges such as England or the United States.

A.W. Chase Net Shows Drop

Attributed to Higher Taxes — Sales Up and Outlook Good

A decline of about 14% in net profit is reported by the A. W. Chase Co. for year ended April 30, last, as compared with the previous year. Net for the latest fiscal year was $25,957.

The drop is attributed by W. J. Stone, president, primarily to higher taxes. Sales for the year showed a substantial increase and justified increased expenditures on the development of foreign business, according to Mr. Stone.

Domestic sales have maintained a steady pace, the president reports, and while the company is facing considerably increased taxes, the present business outlook indicates the burden can be borne. It is anticipated the present dividend rate will be maintained, judging from the current outlook.

The company redeemed 240 of the non-cumulative participating preferred stock of $1 par value during the year, leaving 8,884 outstanding.

Income and Surplus Account
Years Ended April 30

	1940	1939
	$	$
Net income	32,610	34,187
Less: Income tax	6,653	4,026
Net profit	25,957	30,161
Less: Pref. divds.	22,574	23,265
Surplus for year	3,386	6,896
Add: Prev. surplus	71,140	63,748
Adjustments	570	496
Surplus forward	75,096	71,140
Working Capital		
Current assets	185,168	171,655
Current liabilities	49,286	36,116
Working capital	135,882	135,539
Balance Sheet Changes		
Cash	67,751	51,917
Accts. receivable	63,513	69,687
Accts. payable	44,844	31,553
Preferred stock	8,884	9,124

New Director Is Added At Spud Valley Meet

From Our Own Correspondent

VANCOUVER.—Perry F. Knight, of Mount Vernon, Wash., was re-elected president of Spud Valley Gold Mines at the annual meeting here, with A. R. Hilen, of Seattle, vice-president, and J. R. Pyper, of Kamloops, secretary-treasurer. J. P. Appelby succeeded C. G. Mullen on the board of directors.

It was reported that the company had paid off its $350,000 mortgage in full from proceeds of operations, and that the first dividend of two cents a share had been paid last month.

Ore reserves have been consistently increased so that more ore has been developed than at the time the property was acquired from A. B. Trites in the spring of 1938.

Have you bought your
WAR SAVINGS CERTIFICATES?
NESBITT, THOMSON
AND COMPANY, LIMITED
355 St. James Street West, Montreal
Branches in the principal cities of Canada
155A

Reverse Trend At Brazilian

July Profits Best in Over Year — In Line With Predictions

The most favorable showing of the year to date is reported in the July statement of Brazilian Traction, Light & Power Co. This is in line with The Financial Post's predictions that monthly earning statements would begin to make favorable comparison with last year's figures, due to the prevailing exchange rates for the milreis coming more into line with those prevailing a year ago. This follows the previous sharp drop in exchange values.

The improvement has taken longer to show up than was expected, in view of the setback in Brazilian export business from loss of markets, particularly for coffee, caused by extension of the war in Europe.

The July increase reverses the trend shown in the first six months of 1940, when a steady run of declines, as compared with the same months of 1939, was reported. Last month's figures show a moderate improvement over the corresponding month of 1939 and net earnings are the highest of any month since June, 1939.

Slight Impression

The small advance during July made only a slight impression on the decline in both gross and net for the first half of the year. Gross for the seven months was down $1 million, or nearly 5% from the same period in 1939, while net was off $903,808 or about 8%. At the end of June, gross earnings were over 6% down, with net over 9% lower.

Report of the company states "temporary rates for certain of the services continue in effect, pending the determination of permanent rates."

EARNINGS

Seven Mos. ended July 31:	1940	1939	Decr.
	$	$	%
Gross earn.	21,329,494	22,384,161	4.6
Oper. exps.	10,600,951	10,731,810	1.2
Net earn.	10,728,543	11,632,351	7.8
July:			
Gross earn.	3,225,839	3,024,381	6.7
Oper. exps.	1,613,739	1,424,296	13.3
Net earn.	1,612,100	1,600,085	1.7

Most Red Cross Funds Now Spent

Society Reports Use Made of $5 Millions Collected in Campaign

Of the $5 millions donated by the people of the Dominion during the Canadian Red Cross Society's appeal for funds last November, there remains only $350,000 for additional war allocations, the Society reports. The sum of $2 millions has been spent in war work by branches, the purchasing of materials for supplies and comforts.

Up to July 31, 48,141 cases containing 5,416,697 articles had been shipped by the Canadian Red Cross. These included cans of food, equipment for the Canadian Red Cross Hospital, as well as millions of the hospital and surgical supplies, comforts for the troops and clothing for refugees.

The revised chart of the approximate disposition of the $5 millions collected in the national appeal follows. It is broken down into terms of percentage, as well as of the total sum.

Disposition of Red Cross Funds

	Percentage	$5,000,000
	c	$
Canadian Red Cross Hospital, England	15	750,000
British and Allied Red Cross Grants	6.4	320,000
British Red Cross	..	200,000
French Red Cross	..	100,000
Belgium and Dutch Red Cross	..	20,000
Prisoners of War and Refugee Relief	5	250,000
Food	..	100,000
Polish and Finnish Relief	..	100,000
Blankets	..	50,000
Comforts for Army, Navy and Air Force	4.6	230,000
British Navy League	..	100,000
Comforts for Navy, Halifax	..	50,000
Soldiers' Hostels	..	60,000
Co-operative Services	2	100,000
St. John Ambulance Ass'n.	..	25,000
Canadian Legion	..	40,000
Halifax Hostel	..	25,000
Sundry Grants	..	10,000
Additional War Allocations	7	350,000
Total	40	2,000,000
War Work by Branches Supplies and comforts	40	2,000,000
Peace-time Services Peace-time programme	14.5	725,000
Campaign and Administration	5.5	275,000
	40	2,000,000
Campaign expenses	2	100,000
Administration expenses (War and Peace)	3.5	175,000
Grand Total	100	$5,000,000

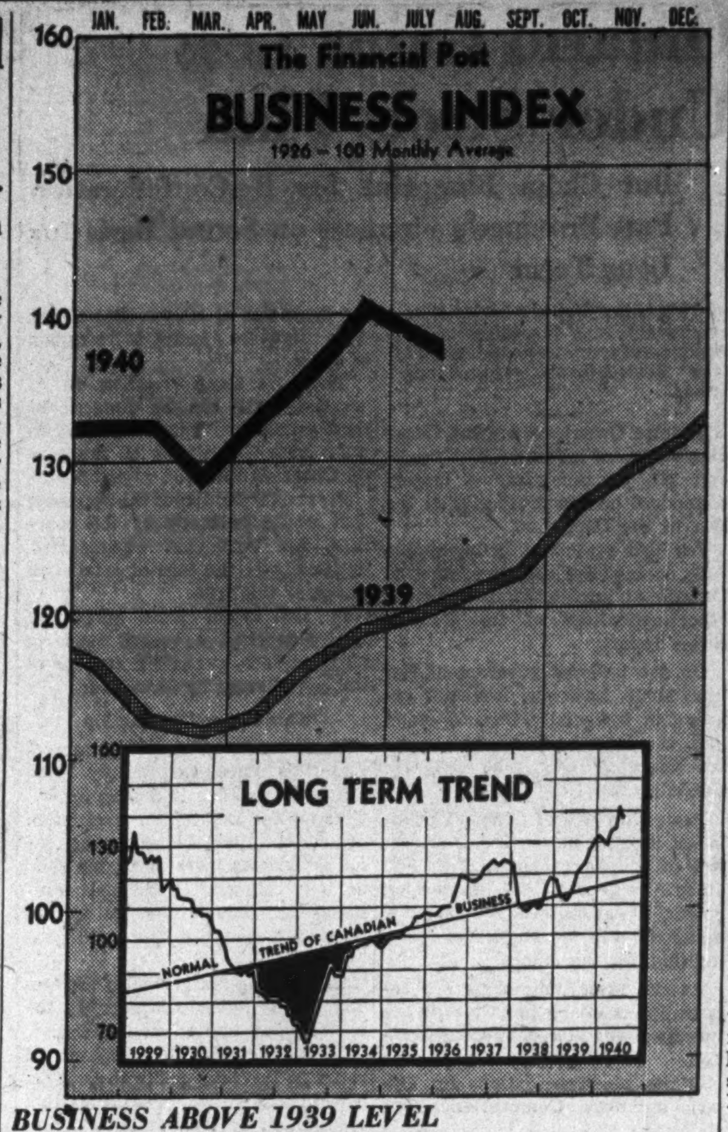
The approximate number of principal articles shipped by all divisions of the Canadian Red Cross Society during that period is as follows:

Articles Supplied

Abdominal binders	119,500
Rolled bandages	250,000
T bandages	62,500
Triangular bandages	198,000
Surgical towels	139,000
Surgical dressings	2,780,000
Bed gowns	137,600
Pneumonia jackets	58,400
Pyjamas	128,000
Bed pads	43,300
Hampton pads	52,800
Pillow cases	196,200
Sheets	65,800
Bed jackets	17,000
Dressing gowns	9,000
Bed socks	6,700
Hospital shirts	4,500
Convalescent shirts	1,250
Personal property & comfort bags	16,000
Handkerchiefs (gauze)	157,000
Do., (khaki)	143,000
Miscellaneous small items such as face masks, wash cloths, etc.	106,000
Socks & seamen's stockings	706,500
Sweaters	142,200
Scarves	134,000
Miscellaneous knitted articles, such as mitts, gloves, etc.	165,000

The allocation of $100,000 for much needed ambulances for the British Red Cross, mentioned in a former financial statement issued by the Society, has been made available for other purposes because of the generosity of the Canadian people in donating over 160 of these ambulances.

On Sept. 23, the Canadian Red Cross launches an appeal with an objective of not less than $5 millions. Every cent is needed, Dr. Fred W. Routley, national commissioner, states, if Red Cross is to meet demands as well as it has been able to do in the past months.



BUSINESS ABOVE 1939 LEVEL

While Canadian business in July showed some unevenness compared with the previous month, the general level was well above 1939. The Financial Post Business Index for July at 138, on the basis of 1926 equals 100, was slightly lower than in June, the decline being less than 3%. Compared with a year ago it showed a rise of 15%. Details are shown on page 7.

Financing Endangered For Separate Schools

See Funds Normally Available Deterred by Disagreement Between Factions Over Settlement on Defaulted Bonds

The whole structure of Separate School financing in Ontario is threatened as a primary result of the failure of Windsor Separate School Board and debenture holders to reach an agreement on defaulted bonds, The Financial Post understands. The Windsor Separate Schools have been in default for seven years and longer.

Writs have been issued in the Supreme Court of Ontario at the request of the East Windsor and Sandwich Separate School Debenture Holders Protective Committees against the Separate School properties of Windsor, because of non-payment of debts. Writ is also to be issued on behalf of the former City of Windsor Separate School debenture holders. This brings to a head a situation which has been simmering for many months, even years, and now has boiled over.

Long negotiations have been carried out between bondholders and the defaulting separate school districts. As a result of the complete breakdown in talks, it is understood institutional investors recently have been refusing to purchase any further issues of Separate School debentures in Ontario. Districts which formerly have been given excellent credit rating are now finding it extremely difficult, even impossible in some cases, to arrange for new financing.

Security Uncertain

This sentiment has developed, The Financial Post is informed, as a result of the feeling among investors that the "security is only what the school board for the time being makes it" to quote one executive.

It is pointed out that, unlike a public school board, the debts of which are assumed by a municipality, there is no such liability for debts assumed by a Separate School Board, nor is any other body. Investors holding large quantities of default Separate School debentures are confronted with the problem of how to collect.

The whole question may be settled one way or the other if and when a decision is handed down by the Supreme Court on the writ issued against Windsor. In the meantime, however, investors generally regard the risk of buying Ontario Separate School debentures as great. Funds have virtually dried up and small investors are falling into line quickly with the institutions in refusing to buy.

Ten Defaults

The Windsor situation began to develop in 1931, and by 1933 there were 10 school districts in the area which had defaulted. Included are Separate School Sections Nos. 3 and 5 in Sandwich East, Sections Nos. 4 and 8 in Sandwich West, Riverside, La Salle, Tecumseh, Windsor, East Windsor and the town of Sandwich. The latter three are now consolidated as Windsor Separate School Board.

None of the districts made any provision for interest or other payments in the seven to nine years they have been in default. The exception is Windsor, which this year for the first time is making some provision for debt service charges. But the amount of $20,000 is practically negligible when compared to the total debenture debt of $2.2 millions and the accrued and past due debenture interest of an additional $1 million. Total of $475,000 of the principal is past due.

Distribution Suggested

Funds on deposit for the benefit of debenture holders total $180,000. At various times it has been suggested this amount be distributed, but demands of the School Board in this regard are looked upon by the Protective Committee as unreasonable. The School Board will agree to the distribution, provided debenture holders accept the amount on account of principal and cancel all interest arrears to the end of 1939. Furthermore, no interest would be paid for another three years, after which time the whole matter again would come under review.

The Protective Committee last March sought permission from the Ontario Municipal Board to sue the School Board. But the decision handed down two weeks ago contained a refusal on the grounds: (a) a reserve of $180,000 was provided for bondholders; (b) and that the School Board was making "substantial" provision for debt service charges in 1940.

Requests Sale

Writs, which have been issued, request an order from the court for sale of the properties pledged as security for the debentures. It also asks for the appointment of a receiver of the property pending sale, also of a receiver for the revenues of the Board.

The Protective Committee, in announcing the writ, states it resulted from refusal by the Ontario Municipal Board of permission for bondholders to sue the Separate School Board. In the opinion of the Committee, the Municipal Board was not justified in its action. The Committee contends the amount levied by the Board for debt service charges this year is less than 1% on the outstanding debentures and is "entirely inadequate." It also states "no provision has been made for distribution to creditors of even this inadequate amount."

Higher Rate

The Committee adds that, "in most Ontario municipalities, the separate school tax rate is higher than the public school rate. Yet the Windsor Separate School Board has steadfastly refused to increase its rate over the public school rate, despite the fact it is not meeting its debt obligations."

The Windsor Separate School Boards are not isolated examples of default. In a number of other cases where defaults have occurred, however, arrangements have been made satisfactorily for readjustments.

Pembroke Separate School Board, which defaulted in 1934, concluded a refunding plan two years ago on a basis agreeable to creditors. Brantford has made a working arrangement with debenture holders and is gradually clearing off arrears. Sudbury Separate School District was able to pay in full all arrears of principal and interest.

"Will to Pay"

Boards such as these have demonstrated what one representative of debenture holders describes as a "will to pay." But even such boards can hold out little hope for obtaining funds which might be urgently needed in the future. The Financial Post can say that a number of boards, with excellent financial records, have made enquiries for loans recently, but institutional investors and dealers have looked askance on them, in view of the Windsor situation.

Should the situation develop to the point where Separate School Boards in the province can no longer provide accommodation, due to lack of funds, it would be a matter of concern to taxpayers supporting the public schools. Pupils are educated in Separate Schools at a lower cost than in public schools, due to the lower salaries paid to teachers and to the generally less expensive and less elaborate buildings used. In Windsor, for instance, it is estimated the per pupil cost in Separate Schools is only about two thirds of the figure in public schools.

Relief-Arlington Pays Initial Dividend

An initial dividend of 5 cents per share has been declared by Relief-Arlington Mines, payable Sept. 23, 1940, to shareholders of record Sept. 10; ex-dividend date is Sept. 9.

Directors state this dividend must not be considered a regular dividend, as it is being paid out of accumulated depreciation and depletion reserves. In view of the apparent short life of the property, it has been thought best to give the shareholders the benefit of the funds in the bank as they are not likely to be required for operations.

Inter. Hydro Net Declines

Larger Provision for Taxation Cuts Net in Three Months

From Our Own Correspondent

MONTREAL.—International Hydro-Electric System reports consolidated net profit of $175,035 in the quarter ended June 30. This compares with net profit of $296,750 in the corresponding quarter of the previous year.

An increase of $821,933 in tax provision more than offset the improvement in operating revenue and reduction in interest charges. In this quarter total revenue amounted to $17.4 millions, compared with $16.5 millions in the same period last year.

During the quarter it was found necessary to provide for increased taxation in Canada and the United States.

Gatineau Dividends

The above statements reflect operations of the system and its subsidiaries. For its own requirements the system relies upon interest and dividends from its subsidiaries. During 1939 cash received exceeded requirements only slightly.

In the current year, cash realized from holdings of Gatineau Power Co. common stock has been about 10% less than in the same period last year because of depreciation of the Canadian dollar.

Other changes during the quarter were the retirement of $333,000 of maturing bonds and sale of $9 millions of preferred stock by Narragansett Electric Co., subsidiary of New England Power Co.

Cons. Profit and Loss Statement
Quarter Ended June 30

	1940	1939
	$	$
Oper. revenue	16,410,943	15,741,679
Other income	956,634	773,089
Total revenue	17,367,577	16,514,678
Expenses:		
Oper. expenses	5,424,686	5,024,217
Maintenance	929,764	945,028
Taxes	2,069,045	2,177,691
Net revenue	8,924,082	8,367,831
Deductions:		
Int. on funded debt subsid. debt	2,555,310	2,625,782
Deb. interest	398,520	398,520
Amort. disc. & exp.	200,739	209,028
Depreciation	1,616,722	1,626,977
Inc. & "excess" tax	1,516,934	695,001
Subsid. divds.	2,084,590	2,085,256
Divds. not paid or pref. sub. stk.	72,153	72,153
Minority interest	287,975	327,810
Other subsid. chgs.	16,105	30,554
Net profit	175,035	296,750

NOTE:—Accounts of Canadian subsidiaries are included at $1 for Canadian dollar. Above figures do not reflect adjustment translating Canadian current assets and liabilities into terms of U. S. dollars, which adjustment at Dec. 31, 1939, amounted to $104,136.

Investment Notes

War orders — As has frequently been the case, the latest list of war orders, while amounting to about $11 millions, contains only comparatively small items going directly to companies in which there is public investment interest. Of course, most of the large construction contracts will indirectly require large supplies from a wide range of companies. Among those mentioned in the latest list are the following:

	$
Canada Packers	74,006
Canadian Locomotive	57,744
Canadian Machinery	5,829
Canadian Vickers	21,500
Canada Wire & Cable	24,211
Dominion Foundries	9,330
Beatty Bros.	8,720
de Havilland	46,440
Fleet Aircraft	265,464
Can. General Electric	14,700
Wood Manufacturing	14,500
Tip Top Tailors	339,000

* * *

S. E. C. list of security dealings in July contains the following of Canadian interest:

Canadian Colonial Airways—Sigmund Janas, officer and director, decreased 4,990 to 9,910 shares.

Fanny Farmer Candy — J. D. Hayes, officer and director, decreased 100 shares through a transfer to 700.

International Nickel—J. P. Bickell, director, increased common 21 shares in April, 1937, and 900 in June, 1940, holding 11,000. Thomas Morrison, director, in May, 1940, gave away 100 common, leaving 30,697 and holds 1,600, 7% preferred.

International Paper & Power—Odgen Phipps, director, holds no shares directly; through a holding company holds 141,130 common, 28,115 of 5% cumulative preferred and decreased common warrants 3,100 to 137,031; in trust, decreased 5% cumulative preferred 250 to 450.

McIntyre-Porcupine — R. S. McLaughlin, director, holds 100 shares directly; through a holding company increased 200 to 25,700.

Foreign Exchange

During the week Aug. 20 to Aug. 26 there was no change in the quotation to the United States dollar at Toronto and Montreal, which was $1.10 for buying and $1.11 for selling. The sterling rate likewise was unchanged at $4.43 buying and $4.47 selling. The rate is published daily by the Foreign Exchange Control Board.

Other Currencies, Aug. 26

Australia	3.58	N. Zealand	3.61
India	.3368	S. Africa	4.47
Japan	.2605	Hong Kong	.2516

MONTREAL MANAGER

Mills, Spence & Co., Ltd., announce the appointment of C. A. Gallagher as manager of their Montreal office. Mr. Gallagher has been associated with this firm for nearly 10 years, opening their Winnipeg office in 1931. For the past two and a half years Mr. Gallagher has been in the Montreal office as assistant manager. His experience in the bond business extends over a period of 15 years and follows a varied career in advertising, newspaper and commercial endeavors since he returned from overseas service in 1919 with the Royal Air Force. Mr. Gallagher was born in Montreal and was educated at the University of Manitoba and McGill, leaving the latter to enlist in 1914.

Amal. Electric Sales Increase

Re-equipping of Plants Stimulates Business in Current Year

From Our Own Correspondent

MONTREAL.—Sales of Amalgamated Electric Corp. in the year to date are substantially higher than in the same period last year, The Financial Post is informed.

If business continues for the remainder of the year at present levels results for the 12 months will be better than in 1939. The company has been busy supplying electrical equipment for plants re-equipping and rehabilitating facilities for work on war orders. This demand is regarded as extraordinary and may be subject to decline depending upon how great is the extent of activity in Canadian plants.

Results Improve

In the year ended Dec. 31, 1939, the company showed net profit of $56,515, against $44,416 in 1938. Results were the best of any year since 1929.

Capital reorganization was approved on July 12, 1939, whereby the former preferred and common shares were exchanged for new common stock on the basis of four new common for each old preferred and one new common for every five shares of old common. Arrears on the preferred stock, amounting to $22.50 a share, were cancelled.

Market Opinions

Response of the stock market to apparent easing of fears for England's safety is the main change in the situation recently.

Brookmire Counselor, N.Y.—The stock market's response when the pressure on England lifted has again demonstrated the strength of basic forces here. Final judgment must be held in abeyance, however, until it becomes clearer whether or not this is just a lull in the battle over England. Hence, allowance must still be made for possible shocks from the war front; but the rising earnings trend and gradually increasing importance of defense activity indicate the advisability of retaining stocks possessing superior recovery prospects.

* * *

Barron's, N.Y. (The Trader)—Business is good and should logically grow better. Earnings are good and, given a reasonable, fair excess profits tax, should, on the average, further improve. Dividends are liberal and still rising. Stocks are on an investment basis when compared with cash or high-grade bonds and, if the war does not run fatally against England in the next month or so, possess, in addition, the ideal attributes of being good speculations.

* * *

Barron's, N.Y. (The Dow Theorist)—The averages may have established a range between their closing prices of Aug. 12 and 16, within which they will fluctuate for some little time. This possibility is suggested because the Aug. 16 lows were just about at the bottom of the July range in both averages, as well as because Friday's downturn showed the August highs, so far, to be points at which stocks in the averages meet selling. The significance of such a range would depend upon its length. For the present it is sufficient to mention the possibility.

* * *

The Annalist, N.Y.—The domestic situation seems favorable from a stock market standpoint. With stocks already selling low in relation to earnings, the prospect of increased business activity, is of course, an important element in the security market outlook. There can be little question that, if it were not for the European situation, the general level of common stock prices would be very much higher.

* * *

Financial World, N.Y.—With the European war in its present stage, when world-changing developments may be seen during the course of a comparatively few days, it is futile to attempt to predict the immediate future for stock prices. All that can safely be said is that in this country, the preponderance of underlying conditions favors the ownership of good grade issues which are returning their holders liberal incomes from adequately covered dividends. For with a "new industry"—armaments—rapidly being established, the prospects are that regardless of minor interruptions and heavier taxes, the trend of corporate earnings will be upward for a number of years to come.

Distillers Seagrams Declares Dividend

From Our Own Correspondent

MONTREAL. — Distillers Corp.-Seagrams Ltd. has declared a dividend of 55½ cents a share in Canadian funds on its common stock, payable Sept. 16 to shareholders of record Sept. 3. These payments have been made quarterly since Dec. 15, 1939.

Non-resident stockholders will receive on presentation to the Manufacturers Trust Co., New York, at their option, 47½ cents in U. S. currency, equivalent to 50 cents in U. S. currency, less the regular 5% Canadian withholding tax.

The Dominion tax of 5% will be deducted from stockholders who are non-residents of Canada, and a national defense tax of 2% will be deducted from all dividends paid to Canadian residents, other than incorporated companies, banks, etc.

Sale of Real Estate With Large Building By Tender

Tenders will be received by the undersigned Trustee of the Estate of Paquin Motors, Limited, in Bankruptcy, until 12 o'clock noon, D.S.T., September 10, 1940, for the purchase of the property known as Nos. 107-9-11 Murray Street (66' x 99') running through to Nos. 228-30 St. Patrick Street (33' x 99'), Ottawa. On the property is a two storey brick building containing 19,600 square feet, more or less. Sprinkler System requiring repair—Steam heating. No columns in section running from street to street, 33' x 198'. Possession available on or about October 1, 1940.

Terms cash, or half cash with balance over five years with interest at 5%. The highest nor any tender not necessarily accepted.

Further particulars may be had upon application to the undersigned.

GEO. A. WELCH,
Trustee.
Victoria Building, Ottawa.

FEATURES
in the September issue
THE CANADIAN CHARTERED ACCOUNTANT
Recent trends in Accounting.
The British Export credits guarantee scheme.
Full text of the 1940 Amendments of *Income War Tax Act* and *The Excess Profits Tax Act*.
Summary of the Unemployment Insurance Act.
Published monthly. $2.00 per annum. Subscription open to all. A. H. Carr, Editor, 10 Adelaide Street East, Toronto.

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TORONTO - BRANTFORD
BRANCHES FROM COAST TO COAST

Significant Investors' Index Numbers

1926 = 100

	Mach. and equip.	Pulp and paper	Milling	Oils	Textiles and clothing	Food and allied prod.	Beverages	Bldg., mater.	Power and traction	Banks	Total utilities	Total co's.
No. of Securities	8	7	3	4	10	12	7	15	15	8	19	95
1929-39:*												
High	432.5	113.4	273.4	423.5	113.5	197.8	204.6	281.1	197.6	131.7	166.0	198.3
Low	39.2	3.0	37.7	87.7	30.8	78.8	33.8	44.3	47.1	63.1	36.9	43.3
1940:												
Monthly Figures:												
Jan.	134.3	24.5	98.8	155.8	86.4	183.0	135.4	150.7	61.3	84.5	45.7	99.1
Feb.	129.3	23.4	98.4	158.2	90.7	184.3	134.0	146.8	60.3	84.3	45.3	99.0
Mar.	134.1	22.9	96.3	155.4	91.4	185.7	135.4	146.5	61.1	85.1	47.1	99.1
Apr.	132.5	24.6	95.9	147.6	91.6	184.7	137.9	146.4	61.9	83.8	47.1	97.0
May	102.6	16.3	77.6	124.7	80.5	165.0	117.9	115.8	52.0	79.7	39.4	80.4
June	93.2	13.1	62.9	100.2	70.3	144.1	106.9	103.3	47.0	74.7	35.8	71.9
July	92.0	13.9	67.1	101.3	74.5	145.8	114.2	102.3	47.1	70.0	35.5	72.5
Weekly Figures.												
Aug. 1	94.7	15.3	70.0	105.8	76.2	149.1	119.1	105.8	48.2	71.2	36.7	75.0
Aug. 8	96.1	15.0	68.9	106.2	76.2	151.1	121.5	105.6	48.7	71.7	36.8	75.3
Aug. 15	95.0	15.1	67.7	103.0	75.2	150.0	119.6	104.8	48.2	72.1	36.5	74.5
Aug. 22	97.6	15.1	68.5	102.2	76.0	147.0	118.6	107.0	48.6	72.0	37.0	74.9

*High and low for year from 1929 to 1939 inclusive are based on weekly figures compiled from figures issued by Dominion Bureau of Statistics.

Toronto Stock Exchange Index

	20 Indus.	20 Golds	10 B.M.	15 W.O.
Aug. 27	95.97	91.66	63.43	19.83
Aug. 26	96.05	91.89	63.73	19.79
Aug. 24	95.87	92.30	63.87	19.83
Aug. 23	95.34	91.65	63.73	19.86
Aug. 22	96.24	92.03	63.79	20.08
Aug. 21	93.77	89.33	61.32	19.98
Month ago	92.79	89.62	60.71	20.03
Year ago	103.47	109.63	83.87	23.86
High, 1940	128.84	123.80	88.97	33.31
Low, 1940	86.00	77.34	56.81	18.44

Montreal Stock Exchange Average

	10 Util.	20 Ind.	30 Cbd.	10 Pprs.	15 Golds
Aug. 27	53.7	62.5	59.6	84.61	67.80
Aug. 26	53.7	63.1	60.0	84.59	66.58
Aug. 24	53.4	62.8	59.7	83.67	65.36
Aug. 23	53.6	62.7	59.6	83.80	66.13
Aug. 22	54.1	62.7	59.9	87.19	66.80
Aug. 21	53.4	61.5	58.8	83.73	64.76
Month ago	53.7	62.4	59.5	87.04	64.80
Year ago	62.9	67.3	65.8	59.22	104.16
High, 1940	69.2	92.2	84.4	152.63	100.81
Low, 1940	50.7	56.0	54.7	66.44	55.16

Bond Markets

Investors Anxiously Eye Western Grain Problem

May Have Adverse Effects on Provincial and Municipal Bonds and Further Spread Cloud of Default—Markets Strong and Quiet

Investors holding western provincial and municipal bonds are watching with anxious eyes developments hinging on the western grain storage and marketing problems.

If the farmer cannot get cash for his wheat, it will aggravate the problems of municipalities in collection of taxes and likely extend the cloud of default. Prospects of a drop in purchasing power would be followed by a decline in provincial revenues. Financial aid may be needed to tide the farmers over the difficult period, but none of the western provinces is in a position where they can be very hopeful about borrowing new money.

Support likely will be given the high-grade market by the Bank of Canada for the next few weeks as a preliminary to the war loan, due about September 9. Maintenance of firm prices will increase the prospects of an interest rate at least as low as on the January issue.

The support appears already to be in evidence, with strength maintained by high-grade issues at a time when the summer doldrums and pre-war loan effects ordinarily could be expected to result in some weakness. Fractional advances have been shown by Dominion issues, while western and eastern provincial bonds alike also have been marked up a shade. Manitoba bonds display good strength.

Corporation issues, led by the pulp and paper and steel bonds, have shown a tendency to advance. The high-grade corporation list in general is better.

Trading in general continues light.

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Lower Rate Expected

Ottawa authorities probably do not know yet what the coupon rate will be on the new war loan, but this does not preclude investors from speculating.

Indications all point to the figure being lower than 3¼% as on the January issue. The Bank of Canada appears to be supporting the market, and the last war loan has been maintaining strength with a price of par to 100.50.

There is some feeling the Government may offer a 3% coupon. Another suggestion is the issue might be offered at a discount to yield 3⅛%. But the latter does not appear to be popular among some investment companies. In dealing with small investors, who after all contribute a large proportion toward success of the issue, it is found that the explanation often demanded of the salesman of the mechanics of why such a high-grade investment is offered at a discount often takes so much time as to eliminate the small margin of profit. An average small investor finds it hard to understand the why and wherefore of this procedure.

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Interest-Free Loans

The U.S. Treasury in the past has been able to obtain funds by treasury bill financing without having to pay for the privilege of using the money. While this might be accurately described as an interest-free loan, other considerations entered into the picture. Taking up the bills gave the investor certain precedence in future loans, and affected income tax payments.

The Canadian Government has been able to obtain funds on a genuine interest-free basis since the outbreak of war. Nor are the voluntary loans for only a 90-day term as in the case of the U.S. Treasury flotations.

It was announced by Hon. J. L. Ilsley, finance minister, that subscriptions to Canada's non-interest bearing war loans totalled $2.4 millions at Aug. 15.

The ability to obtain this money hinges entirely upon the patriotic sentiments of the lenders. In fact, the number of offers that the Government received for the loan of money motivated this special departure in government financing.

To this date there have been 169 individual subscribers. Bralorne Mines Ltd., Vancouver, is the largest subscriber for $1 million. Molson's Brewery, Montreal, has loaned $500,000. A Montreal citizen loaned $250,000, and the Member of Parliament from Skeena, B. C., who campaigned for the interest-free loans, contributed $40,000 of his own money for the Government's use.

There have been many interesting tales emerge from this voluntary loaning of funds to the Dominion. The small fishing village of Black's Harbor, N.B., which by no means could be considered the most prosperous area in the Dominion, raised $51,000. The village has 12,000 inhabitants.

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New Plan

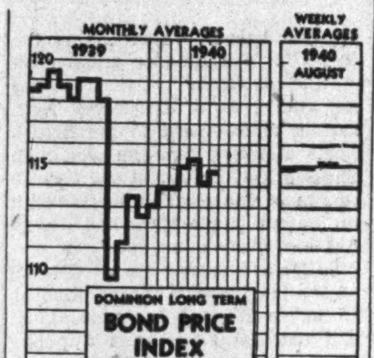
The Republic of Columbia announces a plan to continue foreign debt service on the 1927 and 1928 external issues upon expiration of the present provisional agreement. Last February the republic announced it would pay interest of 3% on its national bonds during the present year.

The President of the Republic has issued several new decrees, pertaining to proposed payments from 1941 forward, but not binding and any action will require a favorable opinion by the National Loan Committee of Colombia.

The decree would provide:

1. Conversion of the bonds into a new issue bearing not more than 3% interest;
2. Capitalization of unpaid interest coupons up to 50% of nominal value by delivery of a corresponding amount of 3% bonds.
3. Allotment of an amount not exceeding $1.8 million (U.S. funds) per annum for service during a 5-year period beginning in 1941, thereafter not more than $2 millions per annum.

The decree also authorizes the Government to enter into necessary contracts with bondholders and fiscal agents. It specially provides that service may be temporarily suspended "if economic or fiscal conditions should present themselves which make it impossible for the country to promptly and completely attend to the service on the new issue."



Seek Payment of Interest

Writ Served on Prince Albert to Secure Defaulted July 1 Payment

A writ has been issued against the City of Prince Albert, Sask., on behalf of L'Union St. Joseph du Canada (French-Canadian fraternal society of Ottawa). The society is seeking payment of interest on debenture coupons dated July 1, on which the city defaulted.

Council of the municipality is applying to the local government board of the Saskatchewan Government for a six-months stay of proceedings. By so applying, it automatically places itself under jurisdiction of the board, which appoints a supervisor to direct the city's affairs.

Some surprise has been occasioned among investors, The Financial Post understands, at the action taken by the city in defaulting. It has a sinking fund sufficient to retire its present debenture debt without any further payments, while it is understood all the debt can be serviced at the rate of 4% per annum.

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Sharp Advance

In one of the sharpest rallies since the start of the war decline, Dominion Government and industrial bonds advanced in New York last week. On one day gains of 2 to 5 points were shown.

The improvement in prices is attributed to the rise in buying based on President Roosevelt's disclosure of an agreement with Canada for joint Canadian-U.S. defense. Most of the buying is said to have come from American sources. Foreign exchange restrictions make it difficult for Canadians to buy or sell securities on United States markets.

Biggest gains were shown by Dominion of Canada bonds, while sizeable advances also were shown by C.N.R., C.P.R. and some miscellaneous industrial companies.

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Bond Index

The D.B.S. index of long-term Dominion of Canada bonds at 115.3 for week ended Aug. 22 was up 0.3 points from the previous week. It was off 2.8 points from the same week of last year and up 0.6 from the corresponding week of the previous month.

DOMINION OF CANADA
Long-term Bond Index

	Latest week Aug. 16-22	Preceding week Aug. 9-15	Weekly average year ago
Price	115.3	115.0	118.1
Yield	71.9	72.2	68.2

Bond Tenders

Sept. 3, Joliette, P.Q.—$74,500, 3½ or 4% dated July 1, 1940, redeemable serially in 20 years.

Aug. 30, Co. of Carleton—$40,250, 3½%, 10 installments.

12 noon, Aug. 29, Canada Treasury Bills —$40,000,000, dated Aug. 30, due Nov. 29.

Bond Redemptions

Bond Issues:	Rate	Year	Due	Price
Riordon Pulp	6%	1942	Dec. 31	105
Prov. L. H. Pr.	†5%	1946	Sept. 1	106
Wood, A. & J. ..	‡6%	1944	Sept. 30	103

Drawn by lot: †$67,000; ‡$26,500.

Stock Redemptions:

Cosmos Imperial 5% 1st pf. Oct. 1 *105

*Plus accrued dividends from July 15, 1940.

Protest Sale For Abitibi

Government and Bondholders' Committee Continue Fight

Last minute protests continue to pour into every hoped-for source of aid in stopping bondholders' action in holding a judicial sale of Abitibi Power & Paper Co. assets October 16.

E. W. Bickle, of the Toronto Stock Exchange firm of Wills, Bickle & Co., has written to the members of the Ontario cabinet and the bondholders' protective committee. He suggests that he did not seriously believe that foreclosure would actually take place until he saw the advertisements. He contends that the committee has reversed its attitude of 1937 which allowed equity holders a chance for participation in future profits. Now, when profits per month are double the 1937 level, Mr. Bickle holds that this attitude of compromise has disappeared.

"At that time," he writes, "in case of a forced sale the equity shareholders might have been able to protect their interests by finding credits in Britain, Europe, the United States or Canada. Today, all those sources of supply are closed, leaving the bondholders' committee as the only feasible purchaser. I find it difficult to believe that this factor is even a consideration in your present actions, but in view of what has happened, it leaves me very little alternative.

Legal vs. Moral Rights

"I am convinced that your committee has acted within what you consider your legal rights and has neglected completely the moral obligations to the junior holders. Thousands of shareholders today are faced with the possibility of having their equity completely wiped out, even though the present earnings of the company indicate an earning rate of approximately $11 per share on the 6% preferred stock.

"The insurance companies of Canada have been outstanding during the years of the depression in recognizing the human factor, particularly in their mortgage investments. Relief has been granted gladly in thousands of cases and the insurance companies' legal position been waived. It is a distinct shock to find them through the actions of your committee, taking a completely opposite course.

"I am satisfied that a plan could be very quickly arrived at that would satisfy every claim of the bondholders, and at the same time be satisfactory to the junior shareholders. I urge your committee to either advance such a plan yourselves or to ask the Ferguson-Murdoch-Scott committee to again suggest a plan of reorganization."

"Bondholder Greed"

A letter, signed by Gabriel Gaudry, Quebec, as secretary for another "petitioner committee," asks "government intervention" as the only thing that can "arrest the greed of this bondholder." This letter hints that "elements of serious unrest" may come from allowing the sale of Abitibi assets to proceed.

This "petitioner committee" compares the 1937 plan with the present holding that the "present plan is doubly immoral and unjust because the same few are more ruthless than ever, the plan is more drastic and presented at a moment when the shareholders are more defenseless, and at a time when physical condition of the property is improved to the extent that the bondholder is now amply secured and our company in a position to resume interest payments."

They hold that bondholders who do not deposit should be treated the same as those who do and allowed to participate in the "benefits of the purchase." They also "most vehemently protest" against including Abitibi's working capital as part of the mandatory security under the mortgage.

Victoria Manor's Last Payment

Distribution on Principal and Interest Totals $12.60 on $50 Bond

Distribution is now being made to bondholders of United Bond Co. Loan No. W-12, issued in connection with a mortgage on Victoria Manor, Windsor. This building was sold at a price of $45,000, subject to a 5% discount if paid within 30 days. Proceeds from the sale are being distributed by the trustee, London & Western Trusts Co. of Windsor.

Distribution is being made of $12.60 on a $50 bond or $252 on a $1,000 bond, and proportionately on other bonds. Payment of these amounts is the final distribution on principal and interest due from coupons Nos. 12, 13 and 14, dated July 21, 1930 and Jan. 21 and July 21, 1931. If coupon No. 12 is not presented, a deduction of $7.52 is being made on a $1,000 bond. Deductions of $7.37 and $7.22 are scheduled if coupons No. 13 and 14, respectively, are missing.

A ruling has been secured from income tax authorities that, due to the deficiency in payment of principal, the distribution will not be liable to income tax.

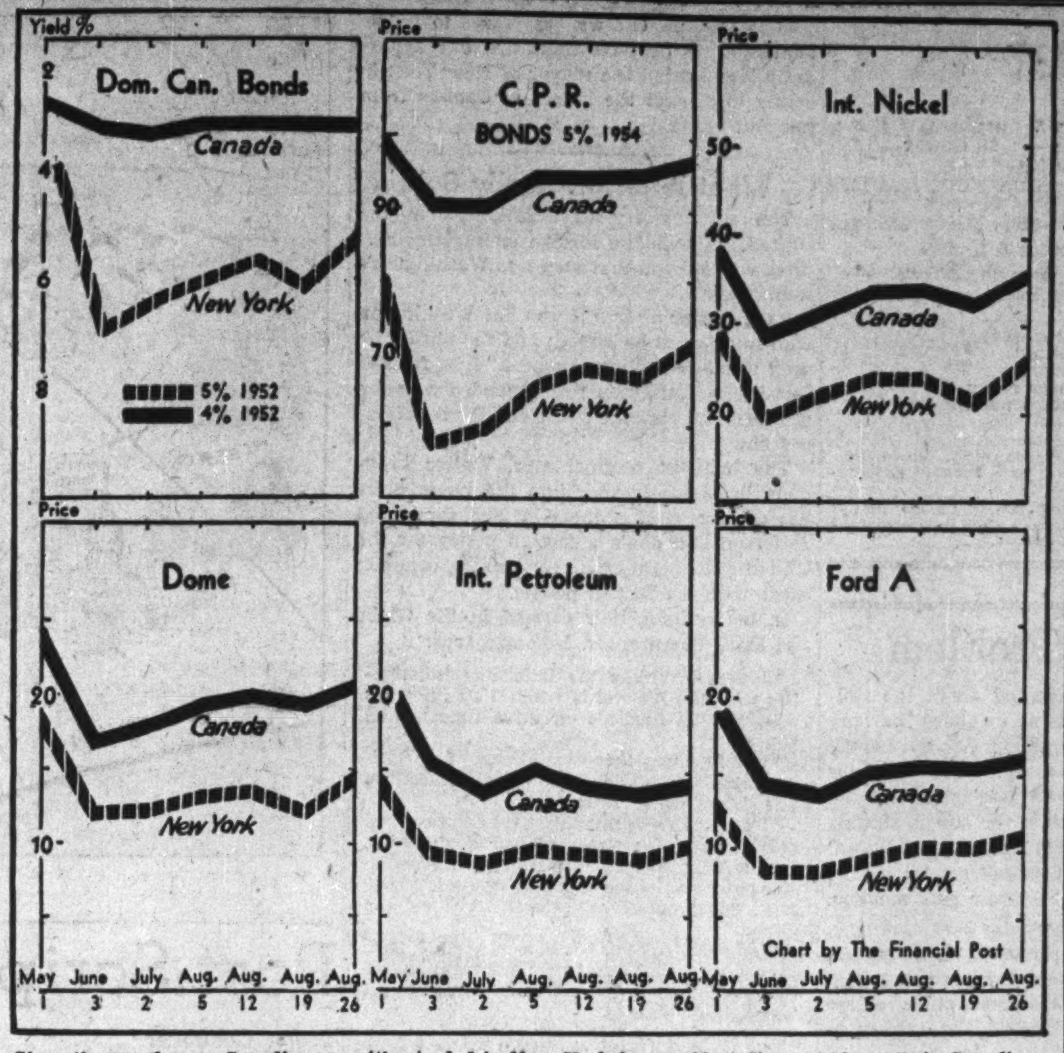
Alternative Offered

Holders of the bonds have the alternative of exchanging bonds for stock in the company now owning Victoria Manor on the basis of 3 shares 5% preference, $5 par value stock and 3 shares of common, no par value stock, for each $50 face value of bonds. The exchange may also be made through London & Western Trusts Co., Windsor.

Bond Sales

Summerland, B.C.

James Richardson & Sons is offering at 99.50 an issue of straight-term district of Summerland, B.C., 4½% debentures. The issue is dated Sept. 1 and matures in 1970, and proceeds are being used for irrigation purposes. With this issue, Summerland has 50% of its total debenture indebtedness in serial form and the balance in long-term issues.



Since the war began, Canadian securities traded in New York have sold at discounts from their Canadian quotations. Revival of interest in Canadian bonds and stocks in the United States has partially closed this gap. Shown above is the trend of the two prices for several stocks listed in Canada and New York.

Predict U. S. Loan For Canada Soon

(Continued from page 1)

co-operation between Canada and the United States must be the inevitable consequence of any permanent scheme of joint defense.

At the first meeting of the Permanent Board this week in Ottawa, an effort was made to delimit the board's functions. The members decided that they were not equipped to deal with financial questions arising out of Joint Defense.

That does not mean that financial questions are being overlooked. On the contrary, they are under the most intimate discussion.

The "holiday" of Secretary Morgenthau at Montebello, a holiday punctuated by his visit to Ottawa, is definitely linked with the financial phases of joint defense.

Informed circles here say that a commodity loan to Canada by the U. S. Government-owned Export-Import Bank will be the first step taken and that it will come in the near future.

The next logical step will not follow, it is declared, until after the November elections in the United States and the reassembling of the new Congress. It would be the amendment of the American neutrality laws to permit United States investors to lend money to Canada and Canadians.

It is more difficult to round up confirmatory evidence that Mr. Morgenthau's visit is linked with a plan of exchange stabilization to embrace the pound sterling and the Canadian and American dollars.

Export-Import Banks

This week the House of Representatives at Washington passed and sent on to the Senate a bill that would broaden the powers of the Export-Import bank along lines discussed at the Havana conference of the Pan-American Republic.

The bill removes the present limitation of $20 millions on the amount the bank may loan to any one government. More important it provides for loans to Canada.

Under the bill the Bank, a government agency, is authorized to make loans anywhere in the Western Hemisphere "to assist in the development of the resources, the stabilization of the economics and the orderly marketing of the products."

The bill also makes possible extension of credit to Canada by the Export-Import Bank in spite of restrictions contained in the Neutrality Act against loans by this Government to belligerents. A provision of the bill states that the loans may be made to Western Hemisphere nations irrespective of provisions of other laws barring extensions of credit to such countries.

Purposes of Loans

It will be noted that the purposes for which loans may be made are rather vaguely stated. One objective, however, seems to be to control the marketing of commodities of which there is a substantial surplus in this hemisphere as a result of the closing up of European markets.

An obvious commodity of which there is a surplus in Canada and against which loans might be sought is wheat. But there are sundry grave objections to negotiating a loan from the U. S. Government to help carry our wheat surpluses.

Not the least of these objections is the fear that if loans from the Export-Import bank could be easily obtained to help us carry our wheat surplus, there might be a demand from the western farmer for larger advances.

Control Key War Materials

The expectation here is that Canada will be encouraged, rather, to build up stocks of certain vital war materials; both to ensure a large available supply in case of a hemispheric emergency and also to prevent these commodities reaching potential aggressors.

Canada, for example, has been a chief source of supply for Japan of certain key metals and other materials. Canada would not desire to provoke retaliation from Japan by putting an embargo on shipment of nickel, copper, lead, zinc, sulphite pulp, etc., to that country.

But an alternative to an outright embargo is to buy up available supplies of materials, where there is an exportable surplus. A loan from the Export-Import Bank would facilitate such an operation

Our Dollars Position

There are no data available to enable the layman to arrive at a satisfactory estimate of the easiness, or alternatively of the acuteness, of Canada's position in respect to the supply of United States dollars. But officials here voice no worries.

Canada's imports from the United States have been expanding rapidly under the stimulus of war conditions. Our export trade to the United States is also expanding, but not to the same degree. For the first six months of the year, our imports from the U. S. A. grew by $133 millions while our exports increased by only $40 millions. In addition, we are going to have a smaller net balance on tourist traffic account.

Some rough figuring indicates that Canada's exchange position vis-a-vis the U. S. A. may be about as follows for the full year:

Net unfavorable balance of merchandise trade, in millions	$280
Net interest and dividend payments to Americans	200
Net payments for freight and miscellaneous services	35
Total debits, in millions	$515

To meet these debits we shall have the following amounts available:

Net income on tourist travel account, in millions	$110
Gold production, in millions	200
Total	$310

Deficit $200 Millions

This leaves an apparent deficit of around $200 millions which is probably an outside figure.

In normal times this could be adjusted by selling some of our pounds sterling (acquired by reason of our favorable balance of trade with Britain) in exchange for New York dollars.

This method is not available to us now. Canada is co-operating with Britain by not selling sterling in New York.

A net inflow of American capital to Canada would be another way of adjusting this balance. But formal borrowing by Canadians in New York is now prohibited under the Neutrality Act. And the net inflow of private funds to pick up Canadian securities in the open market in Canada does not begin to approach $200 millions this year, although recently there have been signs of a substantial pickup.

No Worries Displayed

While the facts are not available, there is no evidence that Ottawa is at all worried about the exchange position. Various recent measures have been taken that have as their ultimate objective the protection of the Canadian exchange position. There is the 10% tax on goods imported from non-sterling countries.

There was the transfer to the Foreign Exchange Control Board of $226 millions of gold and $27 millions of foreign exchange (mostly U. S. dollars) formerly belonging to the Bank of Canada.

In addition to its own gold production which is showing a substantial increase this year, Canada is able to settle some of its U. S. balances with gold from the United Kingdom.

Up to a few weeks ago Britain was hoarding her reserves of gold. All net debit balances with Canada were settled by repatriation of Canadian securities. But the scale of British purchases in Canada has expanded faster than the ability of the Canadian market to repatriate securities and so Britain has been meeting a part of her bills here with gold.

The extent of this transfer of gold to Canadian account is a war secret. This gold movement is, no doubt, one of the reasons why Ottawa authorities profess no concern over the position of the Canadian dollar.

Desirability of Loans

What amount might be loaned by the Export-Import bank to Canada is anybody's guess but the minimum figure suggested here is $50 millions and some guesses run as high as $150 millions.

On the subject of government borrowing in the United States, there are two schools of thought in government circles.

One school feels it will in the long run be good for Canada and Canadians to finance the war the hard way. Its adherents are not enthusiastic about borrowings across the line. They feel that self denial and sacrifice are essential to winning the war. To make it too easy for Canadians to buy imported luxuries will divert to such uses funds that should be used to pay war bills, they argue.

Nevertheless, Ottawa is likely to negotiate a loan in New York once congressional action is taken to amend the Neutrality Act.

Too Late for This Session

It is recognized here that it is too late to do anything about amending that Act at this session of Congress. Both Houses are trying desperately to wind up their deliberations in order that Congressmen and Senators may get back to the hustings to do some campaigning. Adjournment is held up by several knotty and controversial problems. To inject a new controversial issue into the discussions at this time would be to invite defeat, it is said.

But shrewd political observers in Washington report that loans, not only to Canada but to Great Britain, will be available shortly after the new Congress meets.

Important to Canada

The probability of early loans directly to the Canadian Government by the Export-Import Bank and of a Canadian Government bond issue early next year in the investment markets of the United States.

Such loans would probably ensure the stability of the present 10-11% exchange rate, which might otherwise have to be increased. They would probably ensure that the Government would not, during the war, unless conditions became much more acute, ever have to exercise its power to take over the American holdings of Canadian investors.

Effect of Exchange Tax

It is pointed out here that the imposition by the Minister of Finance of a 10% tax on goods imported from the United States has served in many respects the same purposes that would have been served by an increase in the official premium on New York funds to 20-21%.

Had the exchange rate been changed, the premium would have been paid by Canadian buyers of imported merchandise and by Canadian borrowers with obligations in the United States. The benefits in turn would have gone to exporters of gold, newsprint, pulp, etc.

By putting on the tax instead of adjusting the exchange rate, the Government levied the additional burden upon the importers, but not on the borrowing provinces, cities and corporations. And it channelled the extra payments back into the Dominion Treasury instead of into the pockets of Canadian exporters.

New York's Interest In Our Stocks Grows

Military Pact Focused Attention on Favorable Situation for Buyer — Big Orders Starting to Come

Announcement of the start of detailed study of common defense plans for Canada and the United States gave added stimulus to a movement which had already started in the United States toward Canadian securities.

Canada has received much publicity in the United States recently. The prospect of close linking of the two countries for defense purposes has gone far to remove the doubts which American investors had about Canadian stocks and bonds.

Progress of the Export-Import Bank Bill at Washington, referred to in a page one article in The Financial Post, has greatly helped to strengthen confidence in Canada.

Stock and bond dealers in Toronto reveal that the movement, which started about a month ago, has taken on new aspects. At first enquiries coming to Canada were for options on substantial blocks of stocks. At low prices prevailing then, this was of little interest to Canadians. Now the same sources are seeking to make outright purchases.

Large Orders Received

This week one stock exchange firm received an order for 5,000 shares of a high-priced Canadian industrial stock from a New York client. The same client asked for suggestions as to a similar block of another well-regarded Canadian industrial stock for outright purchase. One reason given for the order was the recognition that investor interest in the United States was being directed in a substantial way toward Canadian securities by the Canada-U.S. mutual defense plan talks now under way in Ottawa.

Good buying is said to have developed recently in International Petroleum shares from New York. Substantial blocks of this stock are being taken off the market by U. S. investors and some of the selling has come from liqquidating orders in Canada.

National Steel Car is another Canadian stock with a limited U.S. market where the available supply in that country has been cleared up. Upwards of 4,000 shares of this stock have been taken off the New York market quietly in the past two or three weeks. Apparently there are no large offerings of National Steel Car stock in New York at present, as other large blocks are closely held.

Movement Just Starting

The new interest in Canadian stocks has not yet developed to the extent that much can be said about the individual securities in which interest lies. In general, however, leading industrials appear most popular, with mines getting a smaller share.

Those closely in touch with security markets in Canada and the United States suggest that one factor in strengthening the apparent demand for Canadian securities in New York has been a shortage of available supply.

In the beginning there was no really strenuous selling of Canadian securities in New York, but there was enough to weaken the market in view of the extremely light volume of trading taking place.

With a certain pressure of supply on the market and few buyers, the wide spreads between Canadian and U.S. quotations for the same stocks or bonds resulted. Now the improving attitude in the United States has cleared up the small floating supply of Canadian stocks and bonds, with the result that enquiries are coming to Canada and prices have generally strengthened.

The article previously referred to deals with the movement of securities across the Canadian border.

High-grade Bonds

U.S. financial journals began drawing attention to the high yields obtainable on high-grade Canadian bonds about the first of August. Around the time this began Dominion of Canada 5% bonds, due 1942-52, were quoted in New York around 90 and gave a yield of over 6%. Today these same bonds are quoted around 97 and yield slightly over 5%. During this period comparable Dominion of Canada bonds in this country gave a uniform yield of about 3.22%, practically unchanged for the whole month.

Canadian Pacific bonds are another example. Following the collapse of stock markets late in May, this company's 5% bonds, due 1954, sold on the New York Stock Exchange at 58 on June 3, while they were quoted in Canada at 91½. On August 26 the N.Y. Stock Exchange price was 71½, a gain of 13½ points, while the Canadian price was 97, up only 5½ points.

Dollar Rate Gains

Illustrative of the movements of some typical stocks and bonds in Canada and New York is the chart accompanying this story. It illustrates how the spread between the two prices has narrowed in recent weeks.

When the stock market was taking its blackest look at Canadian securities, the New York (unofficial) rate on the Canadian dollar went well over a 20% discount. Now, thanks to tightening of the Foreign Exchange Control Board regulations and drying up of the always small supply of free Canadian dollars, the New York rate has come up to about 13%.

This has undoubtedly been a factor in the better performance of Canadian securities in the U.S. Right now the average discount rate used in calculating the New York quotation for Canadian bonds probably ranges from 25 to 30%. Not so long ago it was as high as 38% or more.

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TORONTO, AUGUST 31, 1940

Now is the Time to Tackle Rail Problem

In the first seven months of this year the government-owned railway system had operating revenues of $20 millions. Last year there was an operating deficit of $300,000 for the same period.

As war traffic expands on the railways the Canadian National may find itself paying its full operating costs and perhaps showing a surplus. The likelihood of the railway earning a suitable return on the money the people of Canada have invested in it is, of course, too remote for consideration.

The present railway prosperity is temporary. In the reconstruction period after this war the old wasteful deficits will return. At that time, with Canada struggling with new debt burdens and facing a war-weary world, we shall not be able to afford railway losses. Yet we may not be able to get rid of them then.

We did not do anything about our railway burdens in the recent depression years because the politicians were afraid of reducing the number of railway jobs available. The Government-owned railway became a sacred cow that could not be touched and that had to be fed on the rich cream of the taxpayers' money.

Does anyone think it will be any different when railway earnings next go into a tailspin?

The time to get rid of excessive and extravagant railway service is when the railways are earning better than average earnings; when all present employees are earning good incomes; and when—if such savings are not effected—it may be necessary to take men away from other vital war-work to work on the railways.

Is Ottawa doing anything about the railway problem? There is no evidence that any member of the government has given the matter any thought at all since the war started. The political attitude is that of the Arkansas traveller; when the sun is shining there is no need to patch the hole in the roof. When it's raining you cannot get up on the roof to do it. The hole never gets mended.

The sun of railway earnings is shining now. And now is the time for our great, courageous statesmen of Canada—those who recognize themselves by this description, please step forward — to remove the cankerous growth of railway deficits.

The very minimum action to be taken should embrace joint operation or unification of telegraph lines and express systems. But if Canada is to avoid bankruptcy and the loss of its golden opportunity to capture world investment leadership after the war, there is not much use talking about minimum action. Let's clean up the whole thing now, when conditions are ripe for it.

Attention naturally turns first to Sir Edward Beatty's plan of railway unification. That plan has been subjected to much criticism. The main criticism seems to be that it emanated from the chairman of the Canadian Pacific Railway Company as though he should not have anything to say on the subject of railways. Unfortunately, there were few other people who ever attempted to offer any sort of workable alternative plan. And it still remains true that no one—least of all the political leaders of Canada—has offered an acceptable substitute for the Beatty plan.

Co-ordinated Tourist Effort

It is encouraging to know that tourist visitors from the United States are coming across the borders in increasing numbers. At many points the lag which occurred in early July has been overtaken.

One thing which Canadians well know, but which is not generally appreciated in the United States is that our tourist season could well be lengthened by many weeks.

Too often summer resorts and transportation facilities close up shop in early September. If greater stress were laid on the beauty and charm of Canada's autumn, it is certain that the stream of friendly visitors across our border would be increased very considerably.

This is an important point for voluntary tourist committees and local tourist bodies to keep in mind.

Another lesson from our 1940 season is the need for greater co-ordination at Ottawa of various tourist agencies.

This need has often been stressed by The Financial Post. It has become more than ever necessary now that scores of local and voluntary organizations are helping to educate Canadians to be "good hosts to good neighbors" and in merchandising the tourist attractions of "friendly Canada."

At present, several departments of government and scores of official and semi-official groups share tourist responsibility. They should be co-ordinated under a central board attached probably to the Department of National War Services.

This board would co-ordinate the excellent work now being done by the Canadian Travel Bureau, the Foreign Exchange Control Board, and in a lesser degree the Department of Defense, the Department of Finance and the Department of Mines and Resources.

To leave this until next year would be too late. It should be tackled now and plans made for a concerted effort on fall and winter travel as well as on plans for 1941.

Cobwebs or Leadership?

The Montreal Gazette had, not long ago, a cartoon showing a Canadian citizen looking at the $500,000 Sirois report. It was gathering cobwebs in a pigeonhole. Mr. Citizen, not unnaturally, was pondering how many fighting 'planes could have been bought with that much money.

We have not wasted our investment in the Sirois report if it has informed Canadians of the seriousness of the dangers inherent in our now outdated constitution. But the report by itself will bring no reforms, no cure.

Two divergent views on the subject of what is to be done about the report were aired at the Canadian Institute of Economics and Politics.

R. M. Fowler, one of the secretaries of the Royal Commission, who recently reviewed the implications of the report for The Financial Post, urged adoption of the report as part of Canada's war effort.

Georges Pelletier, distinguished editor of Le Devoir, Montreal, argued that the task of re-Confederation was too heavy to superimpose upon a country already staggering under the burden of war.

• • •

Canada has drawn closer today before a common enemy. Sectionalism has dwindled to a low point. Perhaps there never was a more propitious time for Canadians to solve their age-old problem of how to strengthen Confederation.

After the war this spirit of co-operation may lose its strength, once the danger to our existence has been removed.

There is, in fact, so much to be said for some action on the Commission's recommendations right now, that serious consideration should be given to that course.

Since a start has been made in improving Dominion-Provincial relations and clarifying Canadian problems, this work should not be allowed to lapse. At least Canada is entitled to an early statement by the Prime Minister as to the Government's policy toward the expensive but useful advice bound up in this series of thick red volumes.

Mr. Davis Takes a Bow

One of the real success stories of Canada's war effort is the speed and thoroughness with which the National Registration of last week was accomplished.

Major credit for this work goes to Mr. Justice T. C. Davis—a former political teammate of Hon. James G. Gardiner, and now associate Deputy Minister for National War Services.

Mr. Davis was a stranger to Ottawa until a few weeks ago. He came among strange people to a new job in a new ministry, the like of which had never been tackled before. He has already won his spurs.

When experienced parliamentarians and Government officials looked over the registration programme a few weeks ago, they shook their heads and said it couldn't be done. More than one cabinet minister in referring to national registration in the House of Commons was cautioned not to say too much about it being completed in three days.

Mr. Justice Davis did his job, quickly, competently and economically. He showed how easy it is to get co-operation in the war effort under vigorous, aggressive leadership. He confounded the wiseacres and amply justified the decision to bring him from Regina to Ottawa.

Now Mr. Davis is hurrying on with his next big job of using the registration facts to call Canada's first militia draft for training. Here good judgment is more important than speed. It is important that skilled specialists, vital in munitions plants, should be kept at work where they can add more to the national war effort than in training camps. A non-selective draft would be a waste of the facts gathered by Justice Davis.

Sanitation in New York

Mayor Fiorella H. LaGuardia, of New York, called in publishers and distributors of sexy magazines the other day and told them they had to take the smut off the news stands of his city. He did not politely ask for this; he simply gave the order.

The mayor added a significant touch to the proceedings by having the Commissioner of Sanitation at the conference.

In addressing the distributors, the mayor said:

> "I don't care how big you are, you are not going to distribute filth and smut in New York.
>
> "I'm not a prude and I can stand a great deal. I was raised on an army post. I have travelled all over Europe, and I am sure no one would say that I am soft on this matter or unduly alarmed.
>
> "I am alarmed because of the results that have flown from these magazines. I wish some of you would spend some time in our children's courts and see the sorrow inflicted upon parents—hard-working, decent folk—by their children getting into the most unfortunate and disagreeable kind of troubles. If you know anything about children, if you have families, I can't understand how you can conceive of anything so repulsive. I can't believe that all these magazines are published by bachelors—but here they are."

Many of the magazines that the mayor ordered off the stands, because they specialize in smutty pictures and stories, are freely sold in Canada. Ottawa has power to refuse admission to obscene literature but apparently lags behind the mayor of New York in acting to protect the homes of Canada from published filth.

What Jefferson Really Said

The rallying cry of isolationists in the United States is "no foreign entanglements." They will tell you that such was Washington's sound advice.

As a matter of fact it was not Washington who said it, but Jefferson; and the phrase he used was "entangling alliances." The further fact is that Jefferson recommended a policy precisely the opposite of the one the isolationists now urge.

The brilliant commentator, Walter Lippman, has been looking into the records. He has discovered that the wise and farsighted Jefferson laid down a foreign policy for the United States that called for making common cause with the British people.

In his column, now carried in the Globe and Mail, Toronto, Mr. Lippman says:

> "Jefferson, unlike the latter-day isolationists who cite his words without studying his acts, had no illusions on three fundamental points.
>
> "The first was that revolutionary imperialism must not be allowed to establish itself on this side of the Atlantic.
>
> "The second was that this could be prevented only by Anglo-American control of the ocean.
>
> "The third was that to preserve that 'exclusive possession of the ocean' he would, if necessary, 'marry ourselves to the British Fleet and nation.'
>
> "Jefferson took this position on April 18, 1802; 13 months earlier in his first inaugural he had coined the historic phrase warning us against 'entangling alliances.'"

Twenty years later Jefferson wrote a letter to President Monroe containing these words:

> "Great Britain is the nation which can do us the most harm of any one, or all, on earth; and with her on our side we need not fear the whole world. With her, then, we should most sedulously cherish a cordial friendship; and nothing would tend more to knit our affections than to be fighting once more, side by side, in the same cause.
>
> "Not that I would purchase even her amity at the price of taking part in her wars. But the war in which the present proposition might engage us, should that be its consequences, is not her war, but ours. Its object is to introduce and establish the American system, of keeping out of our land all foreign powers—of never permitting those of Europe to intermeddle with the affairs of our nations. It is to maintain our own principle, not to depart from it."

Today that is and must be American policy. President Roosevelt knows so much. So does Mr. Willkie.

Editorials in Brief

A Toronto paper lists taxes paid by Canada Packers, Limited, last year as $86,543,667. That would have set a new high record for any Canadian company.

Happily the situation was not that bad. The company paid about $1,200,000 in taxes. Even at that, governments got 50% more out of the company than the shareholders did.

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Constructive criticism in wartime serves a useful purpose. The wise leader in government welcomes it.

Hon. C. G. Power, Minister of National Defense for Air, told the members of the House of Commons last month that so far as he was concerned he wanted criticism and suggestions. He said:

> "Mistakes and blunders we make and commit every day. We endeavor to repair one and remedy the other. We need help. Tell us what is lacking; point out what is wrong. If possible, tell us how to repair our mistakes; show us where our drawbacks are."

How different is Mr. Power's attitude from that of some of his colleagues when they were under fire earlier in the war for their appalling inefficiency in organization. They sought to accuse anyone, who had a criticism or a suggestion to offer, of sabotage, of "fifth columnism," of seeking to undermine the war effort.

The Canadian Editorial of the Week

English-Speakers Please Note

Le Jour (Montreal)

We learn from a usually reliable source that some English-Canadian compatriots, putting Frenchmen and French-language Canadians into the same category, are taking advantage of France's defection to make hostile manifestations against these latter. Certainly, we have only to deal here with a small minority, but it is necessary to stop this evil trend without delay and to put things straight. Let our English-language Canadians know this:

(1) The Petain-Laval Government does not represent the real France, and if the French today were not under the heel of the Nazis and the menace of assassination or concentration camp, we would not be long in knowing what they think;

(2) Our people are Canadian and nothing but Canadian; most of them have had their roots in Canadian soil for more than 300 years; they no longer have any family ties with France, and they know no other fatherland than Canada; they are, besides, loyal British subjects;

(3) Anglo-Canadians should know that French-language Canadians never say, when they go to France: "We go back to the old country!"

Pray, let us stop talking of Canadians from the point of view of their European origin. That has done us so much harm in the past! Let us make an effort to be good Canadians, true Canadians, with the various elements which go to make up the nation. Here let us say in all justice, that Canadians, whatever their origin, should have the advantage of becoming exclusively Canadians as we all are, we who, long since, have forgotten that our ancestors came from Europe. Undoubtedly, because of our language, our Latin culture and our temperament, we are profoundly affected by France's humiliation, but in what way does that affect our loyalty? More than ever, we want to work for Canadian unity. We feel the need to fraternize one with the other, so as to present a common front to the enemy. "Every house divided against itself shall perish."

Sayings of the Week . . .

"The dangers we face are still enormous, but so are our advantages and resources." —*Winston Churchill.*

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"Lord Beaverbrook has cut red tape right and left. If he had a scythe he couldn't have done it better."—*C. R. Fairey, president, Fairey Aircraft Corp.*

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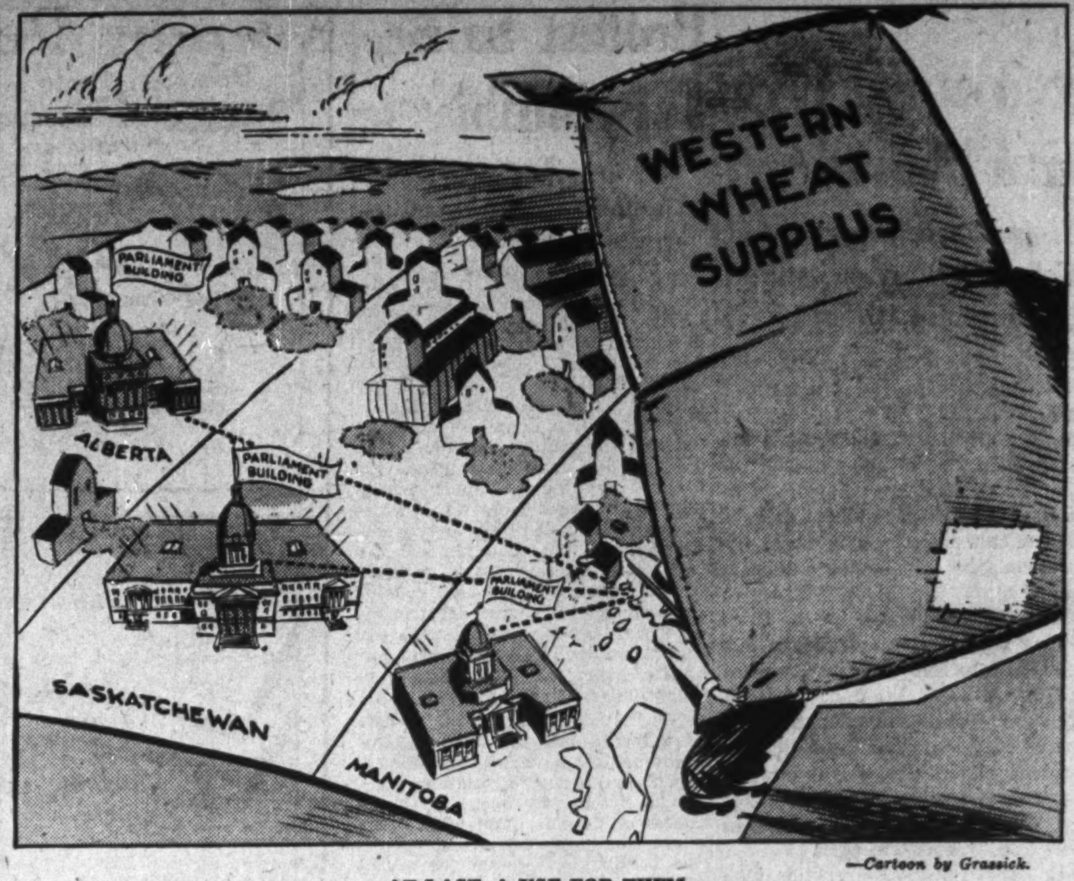
"Only a government representative of all the people should lead this nation in wartime."—*Hon. R. B. Hanson.*



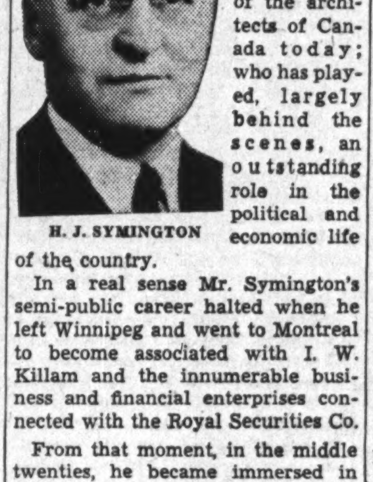
—Cartoon by Grassick.

AT LAST, A USE FOR THEM

Post-Scripts . . .

Power Controller

H. J. Symington, K.C., of Montreal, who has been appointed power controller at Ottawa, is commonly thought of as a business and financial tycoon of Montreal.



H. J. SYMINGTON

No designation could belie more completely the character and life work of a man who, to an extent far more than is commonly known, is one of the architects of Canada today; who has played, largely behind the scenes, an outstanding role in the political and economic life of the country.

In a real sense Mr. Symington's semi-public career halted when he left Winnipeg and went to Montreal to become associated with I. W. Killam and the innumerable business and financial enterprises connected with the Royal Securities Co.

From that moment, in the middle twenties, he became immersed in business. The spotlight of publicity no longer found him. True, he was never long out of the inner counsels of the Liberal party, but when he at last emerged as a director of the National Railways, most people in eastern Canada merely regarded him as a young and promising business executive who, at last, was going to do his bit for the country.

Few knew that Mr. Symington is among the first three freight rate experts in Canada; that he is just as familiar with railway economics as the experts of the railway companies, knows every main and branch line in Canada—its charter base and operating performance—just as he knows the back of his hand.

His appearance now on the national stage is belated but welcome. That he was not long ago called to the cabinet is due to personal hesitation —he is a very modest man—on his part.

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Mr. Symington was born at Sarnia, 58 years ago, graduated from University of Toronto, went to Winnipeg as a young lawyer and began practising with the firm of the late Chief Justice Howell of Manitoba. Later he joined the firm of Hudson, Ormand. Mr. Justice A. B. Hudson of the Supreme Court of Canada is perhaps his closest personal friend.

Mr. Symington did not gradually win his way to the top of his profession. He passed within a period of days from comparative obscurity to prominence. He was acting as a junior counsel in the prosecution of the Crown against the Roblin Government in connection with the scandals in public buildings in Manitoba.

By sheer ability and capacity to master detail, he became leader on the prosecution side and, thereafter, he never faltered. His career has been a continuous story of success.

With the outbreak of war in 1914, the long period of expansion and development in Canada took on new forms. A freight-rate crisis blew up. The whole rate structure of Canada was destroyed within the space of a few years by rising costs of operation.

The task of laying a new foundation fell to a railway commission which was guided in no small part by Mr. Symington, the rate counsel for the three western provinces. He was the spearhead of the prolonged battle over Crow's Nest Pass rates, over the comparative levels of eastern and western rates which involved matters of capital cost, density of traffic, water competition and many other factors. His opponents in this protracted battle were the experts of the railway companies. Symington won, although in the course of the battle the Progressive party was generated and the issue transferred from the railway commission to the hustings and to Parliament.

Thus was Mr. Symington one of the Big Five—a term applied to the real political leaders of western Canada—in the decade beginning with the formation of Union Government in 1917 and the eclipse of the Liberal party outside of Quebec, and 1926, when a resurgence of Liberalism marked the beginning of the present political era. The other four were: Hon. T. A. Crerar, Mr. Justice Hudson, Dr. J. W. Dafoe and Frank Fowler, former mayor of Winnipeg.

It may be mentioned, as a fact, that Mr. Symington wrote the amendments to the Railway Act, about 1924, which closed the greatest freight rate struggle this country has yet seen.

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Mr. Symington's decision to come east was a hard one. It meant closing the door on a semi-public career which he probably loved more than most things in this world. Thereafter, the West continued to beat a path to his office door. He was always being consulted. Occasionally he would flit in and out of Ottawa to attend conferences and advise cabinet ministers. But in the main, he concentrated on the business problems of his new firm.

He turned once more to public service in accepting a seat on the National Railways board. Now he comes somewhat nearer to the spotlight, which he long ago forsook, by becoming power controller of Canada. He is, by nature, a radical Liberal, a democrat to his very marrow, a disciple of Adam Smith and the Manchester school.

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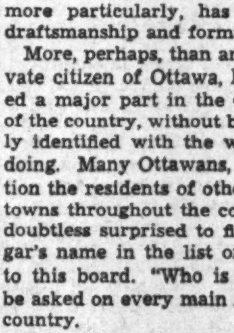
Man Behind the Scenes

Oliver Mowat Biggar, K.C., of Ottawa, who has been named one of Canada's representatives on the Permanent Defense Board, set up in co-operation with the United States, is a descendant, as his name implies, of Ontario's Grand Old Man.

It is possible, in a paragraph, to indicate the type and temper of his faith in democracy, his tolerance. A few years ago when Tim Buck, the Communist, had difficulty getting a public hall in which to speak in Ottawa, Mowat Biggar co-operated with other prominent citizens of the capital to provide him with a platform. He did this though he detested and abhorred the doctrine of Communism and all that it stands for.



O. M. BIGGAR

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He has been included on the Permanent Board, undoubtedly, because he is a lawyer of distinction and, more particularly, has a flair for draftsmanship and formulae finding.

More, perhaps, than any other private citizen of Ottawa, he has played a major part in the Government of the country, without being publicly identified with the work he was doing. Many Ottawans, not to mention the residents of other cities and towns throughout the country, were doubtless surprised to find Mr. Biggar's name in the list of appointees to this board. "Who is he?" would be asked on every main street in the country.

He is a lawyer with special ability in one or two important fields of law work. Time out of number he has been called in by governments to piece together a legislative puzzle beyond the wit and capacity of ordinary lawyers. Time and again he has been brought in as the disinterested third party to bridge an apparently unbridgeable gap between conflicting groups. Always he has been extraordinarily successful.

One recalls that sunny afternoon on Parliament Hill when Mr. King met the press gallery and announced, not without pride, that at long last an agreement had been reached between the Dominion and the western provinces regarding the return to provincial control of their natural resources. This question had been a bugbear of Government for nearly 50 years, beginning shortly after the creation of Manitoba. Mr. King was beaming.

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No one saw Mr. Biggar, brief case under arm, slip out a side entrance and saunter back to his law office. Yet the agreement was his work, his phrasing. He had whittled something off one side or the other, smoothed down the ruffling feathers and, at last, got the pens scratching along the dotted lines.

Mr. Biggar in this unobtrusive way has been the man behind the scenes, at one time or another on the Canada Grain Act, the Pensions Act, the Natural Resources Acts, various amendments to the British North America Act, the Dominion Election Act (he was at one time in charge of the election machinery), the Patent, Trade Mark and Design Act, and many other acts.

So far as one may see, at Ottawa, he is a lawyer with a large practice, an active interest in international and national affairs and a public spirited citizen.

His inclusion on the board indicates that the Government expects that there will be knotty points of law and legal drafting to be done.

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On Defense Board

No Canadian is better versed in Far Eastern affairs than Dr. Hugh L. Keenleyside, who has been appointed secretary of the Canadian section of the Joint Board of North American Defense.

Toronto born, Keenleyside went west to Vancouver as a child with his parents. He was a brilliant student at the University of British Columbia and when he graduated from there in 1920 he went on to Clark University in Massachusetts, where he won his Ph.D.

For a while he served the faculty of the University of British Columbia as lecturer, but he resigned in 1927 and soon afterward was appointed third secretary of the department of external affairs.

Eleven years ago Keenleyside was promoted to first secretary and sent to Tokyo, where he took charge of the Canadian office until the late Sir Herbert Marler, then Canadian minister to Japan, assumed his duties. About that time he wrote a book on the political and economic relationship of Canada and the United States, which won considerable acclaim.

In 1930 Dr. Keenleyside made an extensive tour of the Orient, where he was to continue to make his home for seven years. He returned to Ottawa to resume his work with the state department. When Japan's Prince Chichibu made his visit to Canada several years ago, Dr. Keenleyside went to the coast to welcome the distinguished visitor officially.

Last year he was secretary of the subcommittee of deputy ministers responsible for arrangements for the Royal Tour. When war broke out a year ago, he was being mentioned as a possible appointee as Canadian minister to Japan, despite the fact that he was barely 43.

During the last war he served overseas with the Canadian forces and for a while was attached to the Tank Corps.

Stop Me If . . . .

An ambitious young man, on entering the army, worked well. At the end of three months he was made a lance-corporal.

Writing home to his wife he said: "I have taken my first step in promotion. But do not move to a larger house yet. Speak to the neighbors as usual."

As Others See Us . . . .

Save For Victory

Brantford Expositor

In England, in 1917, 13,000 tons of fat which otherwise would have been wasted, were collected to produce 1,300 tons of glycerine which, in turn, supplies the explosive for great quantities of 18-pounder shells. This example of the value of wartime thrift is cited currently by The Financial Post as a lesson for Canadians. The people in the British Isles have already taken it very much to heart. The Germans adopted the principle long months ago and even years before they started this war.

Seek Haven Here

Listowel Banner

Canada has a wonderful opportunity in offering permanent residence to many Europeans who can bring to us something of that continent's wealth and culture. Wealthy and influential persons are seeking havens on this continent and many of them are representatives of the great names in European history. They have inherited wealth and talents that made the Old World famous through the centuries. Scores of these wish to make their homes in Canada and they could make an important contribution here.

Speaking along this line, The Financial Post upholds the idea of welcoming them to Canada.

Waste Salvage in Canada

Montreal Gazette

Half a dollar's worth of thrift daily by each person in Canada would mean a saving to the nation of $6,000,000 a month, The Financial Post pointed out in a recent editorial. "Thrift" in this instance does not mean the traditional "saving for a rainy day," though this too is a praiseworthy thing just now. It means rather a consistent and intelligent effort to salvage waste material —everything from scrap paper to scrap metal—and put it into national usefulness instead of into the dustbin. The Post cites the example of England in 1917, when 13,000 tons of usually wasted fats were collected for the manufacture of 1,300 tons of glycerine, enough for 18,000,000 rounds of 18-pounder ammunition.

Without criticizing the Government for carelessness, in a moment of crisis when time-costly attention to detail is neither possible nor wholly desirable, it may be pointed out that this is a matter largely for the individual. Soldiers and citizens alike have a duty to perform. There seems occasion for a campaign of leadership here, by one or all of the numerous organizations operating on the outskirts, so to speak, of the nation's war effort.

Shortage of Labor

Sault Ste. Marie Star

An important point is raised by The Financial Post, which draws attention to a threatened shortage of skilled workmen for essential industries.

"Right now," it says, "the most troublesome feature of Canada's labor problem is the 'stealing' of skilled workmen by industries hard pressed to maintain and increase production schedules."

It goes on to say that plant superintendents are already concerned about the day when no amount of stealing will provide sufficient skilled artisans to do the jobs which have to be done.

The problem is a very real one and in certain types of work is already showing signs of becoming acute. It was, indeed, recognition of this need which led the Sault Citizens' Win-the-War League to establish a class for airplane welders in which men with experience in welding could be given instruction which would fit them to take on work in this specialized line should the occasion arise. Even in this class, however, it was felt necessary to select the men engaged on jobs which would not be classed as essential to war effort in some other way.

There is naturally general agreement that the principle of technical training in secondary schools is a sound one. But possibly a little closer correlation between employers and educators is required.

Other People's Views . . . !

Women in Industry

Kitchener Record

Records of long hours and hard work by the women of England, earnestly seeking to speed the country's war supplies production, come with a special degree of edification in Canada where the only women working are those who give their time at the Red Cross and other similar war services.

The Canadian women in industry have always been in industry for the most part. There is no effort here to gather the women into one gigantic war production enterprise.

British Courage Under The Acid Test

San Francisco Chronicle

Even if America's immediate, vital interest were not involved as it is in the outcome, the amazing fortitude of the British under the ferocious Nazi pounding would evoke admiration and sympathy for such courage.

How terrible the ordeal is we cannot know in the light of the characteristic, cautious British statements and the utter unreliability of Berlin's reports. But what we are permitted to know about it gives a picture frightful beyond the power of words to describe.

Hour after hour by day and by night, from wave upon wave of bombing planes the messages of death are showered upon the civilian population of England's crowded acres. What destruction there is of places of beauty that have inspired great artists and poets, of shrines to liberty that mark the long spiral of the rise of the common man, we can only guess. And such of these as are levelled in the dust are but symbols of the liberty and character of a people that the Germans hate with a fire born of the inferno.

In the channel the armadas of bombers strive to blast the lifeline of the nation, to open a way for invading hordes to carry fury and destruction beyond any dream of Mongol or Hun. Within the British islands every man, woman and child goes every instant of the day and night in peril of death from the skies or the sudden assault of invaders if they break the line.

Such a test of nerves seems beyond the endurance point. Yet the people carry on and show a brave face. One English town, long proud of the guns of the Bellerophon, the ship to which Napoleon surrendered after Waterloo, has ordered those relics melted up for munitions. There is no need to save memorials to glory. Either the glory of Britain is to be submerged now, or the nation will live on with new traditions of courage and faith now being established.

Vincent Sheean's dispatch from London reports that the ordinary way of life grinds on. In the London petty courts the usual routine is followed. Minor offenders are dealt with as though the normal tide of life were flowing. Summonses are issued, fines assessed, orders directed to defendants.

Thus a great nation goes its normal way, yet carries on its defense against invaders hammering upon the nation's very doors. It is shocking but inspiring to find such courage in this great parent group of the English speaking peoples.

Week in Business

Defense Pact To Have Far-Reaching Effects

Tends to Increase Industrial and Business Confidence — Some Easing in Exchange Regulations to Facilitate Trade and Travel Thought Likely

Canadian businessmen have been closely watching developments in the Canada-United States defense pact for their bearing on trade and industry.

While details are not yet available, the general effect, it is obvious, will be to bring much closer co-ordination between the two countries in their industrial and financial war efforts. In an economic sense both countries are now facing the same conditions. Definite assurance of United States co-operation tends to strengthen confidence in Canadian industrial and financial institutions.

It is also felt that some easing in the foreign exchange regulations will be made to facilitate exchange of essential goods and travel between the two countries.

Probable effect of the large wheat crop on business continues a subject of deepest study in trade and industrial circles.

This year, however, the storage problem puts a different complexion on things. The cash return, according to farm spokesmen, will not pay their expenses.

If some means of extending credit to the farmers generally on security of their grain is found, it will of course overcome the threat to business generally. On the other hand such provision is almost certain to still further increase the national tax burden.

Business generally has maintained a satisfactory degree of activity during the midsummer months. The Financial Post Business Index for July showed a decline of less than 3% from June, due to slackening in certain lines such as mineral production, manufacture of sugar, automobile production, and building contracts awarded. Advances were shown in the forest industries, iron and steel production, meat packing, etc. Heavier railway carloadings indicated increased railway traffic. Compared with July, 1939, the Business Index was 15% higher.

Though accurate data is not yet available, the evidence is that the tourist trade is increasing. United States citizens who normally visit Canada have apparently been finally convinced that the war makes no difference to them as regards their return to their own country, or their freedom of movement here. The Canadian National Exhibition at Toronto is a drawing card for visitors. While it is thought unlikely that the present traffic will be sufficient to offset the decline earlier in the season, the volume of money brought into the country should be substantial.

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Canada's foreign trade continues to show substantial increases over last year.

Exports to all countries in July at $100.7 millions were about 33% above those of a year ago. Exports to the United Kingdom were up almost a similar amount while those to the United States rose over 50%.

Current trade and industry continue satisfactory. War orders in increasing volume continue to keep industrial plants occupied with employment steadily expanding and purchasing power in the industrial centres improving accordingly.

Business Indicators

Current business shows improvement with D.B.S. index of business activity for week ended Aug. 17 above previous week and almost up to level of last year.

The Financial Post Business Index for July about 3% below June level but 15% above 1939.

Railway carloadings for week ended Aug. 17, 9% above previous week and 17% higher than year ago.

Railway gross traffic earnings for third week of August higher than year ago. Total for year to date up 31% and 24% for C.N.R. and C.P.R. respectively.

Iron and steel production in July increases 61% and 52% over last year respectively. Cumulative for seven months up 81% and 63% respectively.

Trend of business shown by The Financial Post Business Index and following key factors, new items for the week being marked thus ▪.

TREND OF BUSINESS—	Aug. 17	Aug. 10	Aug. 3	July 27	Aug. 19/39
Weekly index of business, D.B.S.	104.35	103.1	102.6	102.2	104.89
Commodity prices index no.	82.3	82.2	82.1	82.0	71.9
	July	June	May	Apr.	Year Ago
▪The Financial Post business index	*138.0	141.7	136.2	133.5	119.8
Retail sales index no.	....	93.8	89.0	86.9	80.9
Dept. store sales index no.	87.2	81.0	82.8	84.7	77.3
Wholesale sales index no.	....	117.6	127.0	107.5	106.1
Country store (% change pr. yr.)	....	+8.3	+8.5	+6.8	—7.7
EMPLOYMENT Index Nos., D.B.S.	July 1	June 1	May 1	Apr. 1	Year Ago
All industries	124.7	120.9	114.3	111.9	115.8
Manufacturing	130.3	129.2	125.7	123.4	111.3
Wage earners, no. 000s	....	....	2,489	2,353	2,329
▪Living costs weekly budget	$17.84	$17.72	$17.85	$17.76	$16.93
			Jan. 1 to date		%
RAILWAYS—	1940	1939	1940	1939	Change
▪Carloadings (week Aug. 17)	57,121	49,230	1,683,557	1,438,395	+17.0
▪C.N.R. gross (week Aug. 21) $	4,737,566	3,574,723	149,935,302	113,722,246	+31.8
▪C.P.R. gross (week Aug. 21) $	3,311,000	2,636,000	100,855,000	81,339,000	+24.0
C.N.R. net revenue (July) $	4,172,586	214,927	20,372,668	•290,490	.....
C.P.R. net revenue (June) $	2,923,054	1,063,318	12,636,006	5,351,343	+136.1
IRON AND STEEL—July—					
▪Pig iron production (tons)	95,924	59,587	645,551	356,108	+81.2
▪Steel ingots and castings prod. .... (tons)	169,577	111,149	1,127,823	691,290	+63.1
AUTOMOBILES—(Number)—					
Passenger Cars:					
Domestic sales* . (June)	12,618	8,620	69,622	54,509	+27.7
▪Factory output .. (July)	3,397	5,112	75,683	75,080	+0.8
Trucks and Buses:					
Domestic sales* . (June)	3,112	2,338	17,178	13,474	+27.5
▪Factory output .. (July)	11,071	4,023	49,697	27,810	+78.7
Financing:					
▪Used .... (July) $	4,460,866	3,702,965	25,914,239	21,933,193	+18.2
▪New .... (July) $	2,290,959	2,405,739	22,098,186	18,023,655	+22.6
CONSTRUCTION—					
Contracts awarded . (July) $	29,305,600	22,129,700	154,741,100	105,575,600	+46.6
Cement prod., bbls. (May)	731,947	550,890	1,799,168	1,267,776	+41.9
AGRICULTURE—					
Flour prod., bbls. .. (June)	1,170,238	1,187,875	7,567,572	6,822,351	+10.9
Flour exp., bbls. .... (June)	509,308	401,189	3,752,006	2,223,298	+68.7
Wheat exp., bush... (June)	13,570,107	14,637,016	67,702,282	51,313,467	+31.9
Cattle sales▲ ...... (July)	106,634	82,777	556,194	537,938	+3.4
Hog sales▲ .... (July)	372,204	207,544	2,695,636	1,791,360	+50.4
SEA FISHERIES—‡					
▪Catch, cwts. .... (July)	1,297,700	1,267,000	6,038,350	5,140,750	+17.4
▪Landed value ...... (July) $	3,218,700	2,856,800	9,509,300	8,910,650	+6.7
NEWSPRINT—					
Production, tons ... (July)	332,689	227,630	1,974,676	1,568,694	+25.8
▪Exports, tons ...... (July)	318,841	200,173	1,823,983	1,415,290	+28.8
MINING AND OILS—					
Coal prod., tons ... (June)	1,128,195	1,090,726	8,175,492	6,816,291	+19.9
Coal imports, tons.. (May)	2,372,411	793,212	4,313,023	2,494,295	+72.9
▪Gold prod., fine oz. (June)	451,277	436,538	2,572,042	2,489,969	+3.3
▪Crude oil prod., bbl. (June)	657,098	821,308	3,681,029	3,371,238	+9.2
Crude oil imp., bbl. (May)	4,864,457	3,643,726	11,238,400	9,753,800	+15.2
ELECTRIC POWER OUTPUT—July)—					
▪Total monthly, 1,000 kw.h.'s	2,615,232	2,205,844	17,583,735	15,950,096	+10.2
FOREIGN TRADE—♦					
Imports .... (June)	90,704,835	63,709,402	496,100,785	321,079,319	+54.5
Exports .... (June)	111,621,656	77,569,799	553,711,029	408,466,341	+35.8
OTHER INDUSTRIAL FACTORS—					
▪Dressed lumber exp.: 1,000 bd. ft. ...... (July)	243,617	185,096	1,229,922	1,114,950	+10.3
Shoes, prod., pr. .. (June)	1,750,984	1,850,673	12,725,941	11,249,771	+13.1
▪Cotton consump. lb. (July)	15,131,408	10,188,533	111,731,232	62,517,549	+78.7
Raw rubber imp., lb. (June)	2,322,194	5,427,972	40,634,419	30,627,709	+32.6
Cigarette cons. No.† (July)	648,304	677,112	4,244,892	3,970,324	+9.4
Sugar manufactured .. lb.§	99,553,443	85,837,830	483,403,070	387,788,743	+24.7
FINANCE—					
▪Bank debits† ...... (July) $	2,622,547	2,376,528	19,624,237	17,509,832	+12.0
Bond sales† .... (July) $	118,842	72,867	1,258,060	872,437	+44.2
Life insurance sales (June) $	28,530,000	32,226,000	18,368,000	178,385,000	+5.5

*D.B.S. All Canada figure covering over 90% of the Canadian total.
†000's omitted. §For four weeks to July 13, 1940. ♦Gold excluded.
‡Unrevised figures covering N.S., P.E.I., N.B., Que., B.C. *Preliminary.
▲Total at yards and plants. •Deficit.
New items for week marked ▪

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Halifax to Be Whaling Port

Assumes Role Traditionally Played by Scandinavian Ports

From Our Own Correspondent

MONTREAL.—Halifax this year becomes one of the world's great whaling ports, owing to the closing of the traditional whaling ports along the Scandinavian coast.

In pre-war days the whalers started out from Tonsberg or Sandefjord on the coast of Norway, long known as centres of the trade. It was at those places that equipment and supplies were taken on and crews of hardy Scandinavians recruited for the long trips.

Even if there were no occupation of Norway by the German military and consequent scattering of the nation's shipping over various parts of the globe, the mining of North Sea areas and maritime warfare in widespread areas would make the following of usual routes dangerous.

It was for those reasons Halifax has been chosen for the unofficial starting point. The British Government is understood to have given assurance of convoy protection if necessary and in the event crews have to be found the fishermen of Newfoundland will be likely material.

Not more than half a dozen whalers will go to the Antarctic this year, according to estimates. Most of them stop either at Montevideo or Capetown to pick up the "killer" boats left behind when they returned from the last trips.

It is understood that the American flag will not be among those carried to the Antarctic when voyages are started in late September and October.

B. C. Power Net Drops in July

Gross Up $91,243, But Expenses Also Increase $106,327

From Our Own Correspondent

MONTREAL.—Gross earnings of British Columbia Power Corp. showed an increase of $91,243 in July, but operating expenses showed an increase of $106,327. Balance of earnings available for the class A stock therefore declined $14,083 for the month to $145,165.

Gross earnings for the seven months to July 31 increased $492,679 to $9.5 millions. Operating expenses were up $371,511 to $6.9 millions. Balance of earnings available for the class A stock in the seven months increased $129,580 to $1.3 millions.

Following is a statement of earnings for July and for the seven months to July 31:

Earnings Statement

	1940 $	1939 $	Increase $
July			
Gross earn. ..	1,359,359	1,268,116	91,243
Oper. exp.	1,026,529	920,202	106,327
Int. pf. div. ..	187,665	188,666	1,001
Bal. for A stk.	145,165	159,248	14,083
Seven Months to July 31:			
Gross earn...	9,544,182	9,051,503	492,670
Oper. exp. ..	6,919,332	6,547,821	371,511
Int. pf. div. ..	1,315,660	1,324,072	8,412
Bal. for A stk.	1,309,190	1,179,610	129,580

*Decrease.

Western Canada Sells Elevators

Flour Company Disposes of Line Elevator Business

Official confirmation is given of the sale of 76 country elevators held by Western Canada Flour Mills Co. in the western provinces. Sale has been made to line elevator companies, but price is not revealed.

Largest purchase was made by Manitoba Pool Elevators, Ltd., which secures 41 of the buildings located in Manitoba. Parish and Heimbecker, Ltd., bought 20 in Saskatchewan and Midland and Pacific Grain Co. took the balance of 15 located in Alberta.

With the sale of the elevators, the company is no longer actively associated with the line elevator business, it is understood.

New Books . . . .

Securities Manual

ROBERT D. FISHER MANUAL OF VALUABLE AND WORTHLESS SECURITIES, Volume VII, 1940, including ROBERT D. FISHER MINING MANUAL, Volume I, 1940. Published by Robert D. Fisher & Co., 461 Eighth Avenue, New York.

Scarcely a security portfolio of any size but comes to include some security of companies becoming inactive, dormant or passing out of existence Ascertaining just what has become of such companies is often a difficult task. This manual, and those published by the predecessor company, Marvin Scudder & Co., are a fertile source of just such information for both Canadian and United States companies.

In addition the book contains the actual liquidating values of supposedly worthless securities, companies in liquidation and securities that have matured or were called, but which have not been presented for collection. The 1940 editions of this series of publications is Volume VII and contains over 5,000 reports on companies whose securities have liquidating or exchange values. The six preceding volumes list approximately 750,000 different corporations.

An innovation in Volume VII is the inclusion for the first time of a second section containing information on over 18,000 active and inactive mining companies of every type in Canada, the United States and Alaska.

Administration Trust Appoints Director

From Our Own Correspondent

MONTREAL.—J. Aime Dery, of Quebec, president of the St. Lawrence Paper Bag Co., Ltd., Librairie Langlais Ltee., and a director of La Caisse Nationale d'Economie de Notre-Dame de Quebec, has been appointed a director of the Administration and Trust Co. of Montreal.

Keeping Posted . . .

By J. C. KIRKWOOD

W. Robinson & Son, converters, Woodbridge, Ont., have published a booklet, "I Work With Robinson's." It is an admirably frank and candid presentation of the managements attitudes and policies as these affect their workers. It is described as being "A confidential manual for all members of the Robinson organization," and is a book of 38 pages.

JOHN C. KIRKWOOD

The booklet opens with these words:

"It is our happy boast at Robinson's that we have the most co-operative group of workers in our industry. Our employees work with rather than merely for Robinson's, a fact which largely accounts for the strong family spirit throughout our whole organization."

If this affirmation were not strictly true and capable of abundant proof, Robinson's would find their manual a boomerang. I do not recall ever seeing a similar book—of such candor and of such fine spirit.

"Converting" is a textile term. The Robinson business is converting cotton — in other words, manufacturing cotton—spinning the cotton into yarn; weaving the yarn into "base cloths," passing base cloths through many processes to make them finished fabrics, hundreds of different types of finished cloth.

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Success Stories

The last chapter in this friendly and intimate Robinson booklet has as its title, "Success." It tells of individuals who achieved success—and tells stories of Andrew Carnegie Joan Crawford, Sir Malcolm Campbell and William S. Knudsen. The last sentence is: "Organizations like ours are made up of individuals seeking success and finding happiness in being useful. Such folk are the backbone of any human society that is to endure."

• • •

The Prom Haircut

Men minus a crown of hair are unlikely to be much interested in what a recent Mayfair Magazine has to say about the new-style "Prom" haircut. From this issue of Mayfair I quote: "At a recent convention of the Association of Master Barbers of America a new hair art was applauded and won a prize. It is called the Prom Cut. The sides of the head are feather-edged with shears and comb, leaving the hair full enough to be brushed backward; while the top can be cut to such a length that the facial characteristics are brought out."

Now we shall have to be observant. If we have plentful hair on top of our head and fine facial characteristics, we ask our barber for a Prom Cut.

• • •

The Little Red School

The Little Red Schoolhouse is passing out. I wonder if its successor, the highly modernized school, can ever acquire the affection that we oldsters have for the little red schoolhouse?

When I saw the title of an article in a recent issue of Sanitary Engineer, "Modernizing The Little Red Schoolhouse," I read the article, perhaps approvingly, yet with nostalgia. It told of the bringing up to date a schoolhouse which was built in 1892—a one-room school. "Last summer," says the writer of the article, "the two outdoor privies were torn down and replaced by modern flush toilets installed in the basement. Now the school has a constant supply for the drinking fountain, for the kitchen sink in the community club kitchen, the two toilet rooms, the two lawn faucets and the humidifying equipment. The Little Red Schoolhouse is going in for modern plumbing. Plumbing follows the power lines."

Let the principal tell us just what running water means to pupils and teacher. "It's the hot lunches," she exclaims enthusiastically. "On rainy days is when we most enjoy our plumbing."

I am wondering if modern schools, with all their amenities and smartness, contribute as much to character and to happy memories as did the plain and simple schoolhouses of our grandfathers' days.

• • •

Was He First?

History dearly loves "first" men—the first white man to discover America, for example; the first man to cross Greenland's ice-cap; the first man to discover gold in the Klondike, and so on.

But often there are disputes as to who are—or were—"first" men. Thus, in the current issue of Canadian Aviation Dr. William W. Christmas is quoted in relation to claims of his. Dr. Christmas wants to be known as the inventor of the aileron—part of a plane's "steering" system. He says: "The U. S. Government sent a special commission to Europe to determine who was the actual inventor, at a cost of $12,500. Both the army and the navy were particularly careful to determine accurately just who was the actual inventor. The sale of the patent rights was made and a payment of $50,000 was made by the Army, while a like sum was paid by the Navy. These payments were made to release the patent to the airplane industry."

• • •

A writer in the Rotarian Magazine—as quoted in Hardware and Metal—says "go to Canada whenever you can. Fishing in the brawling wild rivers and dark lakes of the green Algoma brush is a thrill that's worth going half around the earth to get."

The supreme oral advertiser of Canada is an angler.

• • •

Ear-scratching

Have you a dog? If you have, it is pretty safe to say that your dog's health may at times give you both trouble and anxiety, and it may be that there are times when you cannot conveniently take your dog to a dog doctor. I am suggesting to you, therefore, that you get hold of the August 15 issue of Maclean's Magazine, turn to page 17, read the article on how to thwart the ills that threaten your dog's health—written by Ann Elizabeth and Victor Blochin, and then file this copy of Maclean's for repeated consultation.

Here's a specimen of the good counsel this pair of dog experts give: "The ear is a ticklish thing and requires careful handling. If your dog has been scratching away at it with a devil-may-care abandon, it may mean that it is something which you yourself can treat. Such as putting in a little warm sweet oil to drown a troublesome bug, or swabbing it out with glycerine and iodine to foil earmites. It is when a dog himself hesitates to treat his ear roughly that you may suspect a deep-seated canker or other infection requiring antiseptic ointment and professional treatment."

Canal Traffic Shows Upturn

Movement of Wheat Lower But Offset by Other Commodities

From Our Own Correspondent

MONTREAL.—Freight traffic in Canadian canals, Sault Ste. Marie, Welland and St. Lawrence continued to increase in July.

Freight passing through the Sault Ste. Marie canal totalled 13.8 million tons, compared with 9.6 million tons in July, 1939. Iron ore shipments were entirely responsible for this betterment, increasing 4.4 million tons over the same month last year.

Total traffic using the Welland Canal increased 173,044 tons to 1.8 million. Feature of traffic on this waterway was the drop in wheat carried to 220,938 tons from 383,857. Corn, petroleum, oil and bituminous coal carried increased.

Traffic on the St. Lawrence Canal shows a small gain of 3,818 tons to 1.1 million tons. Wheat, woodpulp and gasoline carried were down, while corn and bituminous coal were greater.

Pig Iron Output Again Higher

From Our Own Correspondent

MONTREAL. — Production of pig iron in Nova Scotia totalled 34,000 long tons in July, all of which was produced by Dominion Steel & Coal Corp. This compares with 33,000 tons in June and 23,000 tons in July, 1939. In the seven months' period output totalled 226,000 tons, an increase of 71% over the same period last year.

All Canadian blast furnaces were operating at 93% of theoretical capacity at July 21. Dominion production of pig iron in July totalled 95,924 long tons, compared with 88,656 tons in June and 59,587 in July, 1939.

During the seven months to July 31 production amounted to 645,551 tons against 356,108 tons in the same period last year.

Passenger Car Sales Up 30%

Gain of almost 30% in sales of leading models of new passenger cars this year so far is reported to The Financial Post by Canadian Automotive Trade magazine.

July sales were 5,437 compared with 4,775 last year.

New Passenger Car Registrations In Eastern Canada Leading Models

	—July— 1940	1939	Year to Date 1940	1939
Chevrolet .	1,356	931	11,078	8,228
Ford	861	826	8,378	7,101
Dodge	719	729	8,839	6,849
Plymouth .	593	718	7,659	6,254
McL.-Buick	440	272	2,915	1,941
Pontiac ...	425	378	3,797	2,864
Oldsmobile	365	312	2,399	2,069
Mercury ..	254	219	2,028	1,671
Studebaker	216	239	1,470	1,217
Chrysler ..	208	151	2,288	1,662
	5,437	4,775	50,851	39,846

Tobacco Action Ruling Given

Liberty Tobacco Shop Fails to Obtain Injunction

From Our Own Correspondent

MONTREAL.—Mr. Justice Savard upheld in Supreme Court the right of provincial police and revenue officials to enter the premises of the Liberty Tobacco Shops Ltd. and take the names and addresses of customers who fail to pay the new provincial tobacco tax.

His Lordship dismissed application for an interlocutory injunction to restrain provincial employees from remaining on the premises. He ruled that officers of the Government have a right to see that a law on the statute books is observed. The constitutionality of the law may be attacked. In another case, now under advisement of Mr. Justice Trahan, the constitutionality of the law is being questioned.

Contests Levy

Mr. Justice Savard stated that evidence before the court showed that the Imperial Tobacco Co. had informed the Provincial Treasurer during enactment of the tobacco law that it did not intend to submit to the law and was opening a shop to sell tobacco without collecting the 10% tax.

Rail Earnings Show Substantial Gains

From Our Own Correspondent

MONTREAL. — Canadian Pacific Railway Co. reports an increase of traffic earnings in the week ended Aug. 21 of $675,000 or 25.6% over the same week last year. Gross earnings during the week amounted to $3.3 millions, compared with $2.6 millions.

In the year to Aug. 21 cumulative earnings amounted to $100.9 millions, an increase of $19.5 millions, or 23% greater than the $81.3 millions shown for the same period last year.

Gross revenue of the all-inclusive Canadian National Railways system in the same week amounted to $4.7 millions, compared with $3.6 millions, an increase of $1.2 millions, or 32.5%.

In the year to Aug. 21 gross revenue of the system amounted to $149.9 millions, compared with $113.7 millions, an increase of $36.2 millions.

TRENDS IN THE FIELD OF INVESTMENT

Facilities for studying the frequent changes in the field of investment and the status of securities are available to this organization through its branches: These facilities are at the disposal of our clients at any of our offices.

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July Business Above 1939 Though Down From June

Business operations in Canada in July were on a slightly lower level than in June, although well above that of a year ago. The Financial Post Business Index based on preliminary figures receded to 138 from 141.7 the previous month, on the basis of 1926 equals 100. It was, however, 15% over July, 1939.

Study of the detailed figures suggests conditions were uneven.

Production of most lines of foodstuffs was larger than in June and forestry and iron and steel industries were more active. Manufacture of sugar was lower as also was consumption of cotton. Exports of canned salmon were down from the previous month.

An increase in railway traffic was reflected in movement of 248,000 cars against 240,000 in June.

		—— July 1940	—— 1939	Change %	June 1940
F. P. Business Index	▲	138.0*	119.8	+15.2	141.7
Capitalized bond yields	▲	137.4	149.7	— 8.2	137.0
Bank deposits	▲	128.0	125.6	+ 1.9	130.2
Asbestos exports	tons	16,223	14,450	+12.3	14,450
Sugar manufactured	lb.	99,553,443	85,837,830	+11.3	107,509,859
Cheese, factory production	lb.	24,353,817	22,521,963	+ 8.1	23,088,820
Butter creamery production	lb.	39,405,283	38,008,402	+ 3.7	40,327,158
Newsprint production	tons	332,689	227,630	+46.2	315,343
Planks and boards exported	M. ft.	243,617	185,096	+31.6	246,477
Shingles exported	squares	243,181	303,741	—19.9	234,128
Carloadings	No.	247,555	196,392	+26.1	239,582
Cotton consumption	lb.	15,131,408	10,188,533	+48.5	15,378,128
Contracts awarded	$	29,305,600	22,129,700	+32.4	39,097,000
Bank debits	$000	2,622,547	2,376,528	+10.4	2,681,585

▲1926 = 100. *Preliminary.

INTER-STATE ROYALTY

From Our Own Correspondent

MONTREAL.—Second Inter-State Royalty Corp. informs the Montreal Curb Market that as at July 31 the company's investments in oil royalties had a book value of $202,552. Gross revenue from royalty income since acquisition amounted to $49,092 to June 30 and reserve for depletion totalled $13,500. During the month of July last the corporation had a gross royalty income of $549.

THREE TRADE COMMISSIONERS
Ready to work for Canadian Exporters
IN THE UNITED STATES

EXPORT TRADE OFFICES IN NEW YORK, CHICAGO AND LOS ANGELES ENABLE MORE UNITED STATES IMPORTERS TO SECURE QUICK, AUTHENTIC INFORMATION ABOUT CANADA AND CANADIAN PRODUCTS

Nowhere else in the world are there two neighbouring and friendly nations which have so many mutual interests as Canada and the United States. Over a long term of years Canadian-American trade relations have become stronger, more intimate, and more profitable to both countries. The outbreak of hostilities in Europe has served to strengthen these business bonds.

TRADE COMMISSIONERS ARE LOCATED IN STRATEGIC CENTRES OF UNITED STATES COMMERCE

Canada now has three trade representatives in the United States: Mr. D. S. Cole, British Empire Building, Rockefeller Centre, New York City; Mr. W. J. Riddiford, 435 North Michigan Avenue, Chicago; and Mr. B. C. Butler, 510 West Sixth Street, Los Angeles. Co-operating closely with their headquarters, the Department of Trade and Commerce, Ottawa, these three Commissioners form vital links between trading parties in the United States and Canada. Their job is to bring the United States importer and the Canadian exporter together to do business. Full information on any subject relative to the export trade of Canada to the United States is procurable through the Commissioners or by reference to data in the Department of Trade and Commerce. Canadian traders and manufacturers are urged to use these reliable sources of export trade information.

WARTIME CONDITIONS HAVE CHANGED THE WORLD'S EXPORT SITUATION

Prior to the war, goods to the value of hundreds of millions of dollars were exported by nations on the continent of Europe to North and South America. This enormous export trade has been reduced to a shadow of its former volume. The resultant opportunities to extend Canadian trade should not be overlooked. The Government, through the Department of Trade and Commerce and the Trade Commissioners, is ready to assist every Canadian firm interested in export trade and also to aid importers in foreign countries who are prospective purchasers of Canadian commodities.

CANADIAN EXHIBIT AT WORLD'S FAIR FEATURES THE DIVERSITY OF CANADA'S RESOURCES

Hundreds of business men from the United States, and other American countries are discovering Canada's resources through their visits to the Canadian Pavilion at the World's Fair, New York. The exhibits portray Canada as a world trading nation, as a land of varied agricultural and industrial resources—and as a delightful haven for holiday seekers. Before the World's Fair closes, millions will have gained a more accurate impression of Canada, and considerable impetus will have been given to trade with other countries. The planning, erection and maintenance of the Canadian Pavilion was undertaken by the Department of Trade and Commerce for the promotion of interest and goodwill between Canada and other trading nations.

DEPARTMENT OF TRADE AND COMMERCE
HON. JAMES A. MacKINNON, M.P., Minister
J. G. PARMELEE, Deputy Minister
13P

Life Insurance

How Much Insurance is Enough?

Monthly Income Needed – Can be Measured by Living Costs

Gradual increase in the cost of living is causing many people to ask themselves whether they have enough life insurance to take care of the needs of their dependents.

War usually brings higher prices. This time there has been a large degree of control of markets almost right from the start. This has prevented the traditional wild advances. Runaway markets in necessary commodities will not be countenanced by the authorities, yet as costs of production rise, difficulties of stemming the upward trend in living costs will be great. According to the Dominion Department of Labor, the weekly cost of a list of staple foods, fuel and rent entering into a weekly family budget has risen to $17.84 compared with $16.93 a year ago.

In the last war, the cost of living index rose almost 80% between 1914 and 1920. Even if the increase this time—if the war continues three or four years—should be only half that, it would mean that a family would require a larger income than they have at present to maintain the same standard of living.

Many householders are calculating just how their present holdings of life insurance would meet the new and probable needs of their families.

In Terms of Income

By the shrewd man who buys it for protection, life insurance is always figured in terms of income rather than as a lump sum. He calculates the monthly income needed by his family and then compares it with the income his life insurance and other assets would provide.

One point calling for consideration in this connection is the trend of interest rates. These may make it difficult for the widow or other beneficiary to invest the proceeds of the policy to advantage. The life company, of course, will, if requested, pay out the proceeds of the life policy or the interest therefrom on a monthly income basis. But the general yield from high-grade investments may not be as large as it has been in the past.

Earning power of the individual may be higher two years from now but the earning power of capital may not be any larger. The answer to this from an insurance standpoint would appear to be more life insurance.

Many individuals are trying to visualize the future and set their house in order accordingly.

War Clauses no Obstacle

To those who feel the need of more insurance, the war clauses in new life policies are no obstacle. In the first place, unless the policyholder goes overseas or serves in the navy or air force, they make no difference. If he should go overseas, they provide that by an extra premium, payment of the full face value of the policy to the beneficiary will be ensured. If no extra premium is paid the premiums already paid in will be returned to the beneficiary with interest at 3%.

Many men feel there is an advantage in taking the insurance now while they are insurable as after the war they may not be. They argue that if they go overseas they will not pay the extra premium, depending on the government pension to take the place of insurance for their dependents who will also receive the premiums they have paid in with interest. But if and when they return, they will have their insurance at a lower premium rate than they would have to pay, if they took it out two, three or four years from now, even if they are then in the best of health.

Men who have no prospects of going overseas or serving in the navy or air force, of course, are not faced with the prospect of having to pay extra premiums, at present in any case.

Consultation With Underwriter

In setting one's house in order and calculating how much insurance is needed consultation with a chartered life underwriter is helpful. He knows what the company can do in the way of special arrangements to meet special conditions.

Sometimes if there are young children, it may be necessary to have the insurance paid out in larger amounts during a certain period. If there is no such consideration the insurance might provide a smaller monthly payment for a longer time.

These are all problems that arise when one asks himself whether he has enough insurance. The only time they can be dealt with properly is while the individual is still insurable.

Life Insurance At Work

A workman in a certain city died from a heart seizure following an attack of influenza. He left little to his widow except his life insurance policy for $2,500.

The widow had worked before she was married and was prepared to work again. But just before her husband's death, she became ill necessitating a serious operation if she were to be restored to normal health.

The proceeds of her husband's life insurance enabled her to pay the expenses of his last illness and funeral expenses and to carry out the plans for her own operation, allowing for a period of rest afterwards. After everything was paid she still had a substantial sum left.

Then in good health and with no debts hanging over her, she was able to take a position in a local factory, and thus make a fresh start in life with a nest egg laid away for emergencies.

"Why Didn't I Make That Sale?"

"Why did I lose that application?"

The Confederation Life Agency Bulletin offers the following suggestions:

1. I neglected the prospect too long; another salesman asked for the signature.
2. I won the argument but lost the application.
3. I called without knowing anything about my prospect's needs.
4. I was afraid the prospect would say "no" and gave him every opportunity to say it.
5. I accepted the prospect's objections too readily.
6. I talked myself into a sale—and I went on talking until I talked myself out of it.
7. I never did ask the prospect to sign the application, only hinted at it.
8. I talked too much about the policy and too little about what the policy would do for the prospect.
9. I talked in terms of technicalities instead of in terms of human interest.
10. I tried too hard to display my technical knowledge of contracts.
11. I tried too hard to get his signature before I had sold him on his need.
12. I couldn't seem to get his confidence; perhaps I should pay more attention to my appearance.
13. I failed to make certain that now instead of a definite time later was convenient for the prospect.
14. I failed to keep my temper when the prospect was a little rude.
15. I lost the prospect's confidence by knocking another company or salesman.
16. I lost the prospect's respect because I had failed to study enough to be able to answer his questions.
17. I failed to show by my bearing that my business is as legitimate as his and commands as much respect.
18. I irritated the prospect before he had even seen me by insisting on seeing him, even though he sent out word that he'd see me if I'd come back later.
19. I gave the "outer office" a bad impression by refusing to answer questions. The outer office passed this impression along.

New Books . . . . .

The Truth Kindly Told

WHY ENGLAND SLEPT. By John F. Kennedy. Published by Longmans, Green & Co., Toronto. Price $2.50.

Britain has had no more kindly critic than the author of this volume. The brilliant son of U.S. Ambassador, "Joe" Kennedy, he has followed up Winston Churchill's striking volume, "When England Slept" with an exposition of "Why" England slept.

In essence, Mr. Kennedy says to his fellow-Americans. "For the past two years you have been constantly criticizing England, or jeering at England because it did not stand up to the dictators. Now take a look at yourselves; have you not been guilty of the same blindness, of the same lack of preparation, the same reliance upon ancient democratic forms that led England to the brink of the abyss?"

Mr. Kennedy does not put all the blame upon Stanley Baldwin or upon Neville Chamberlain. It was not only the leaders of England who overlooked the obvious. The great mass of the British people in the period between the two wars went through an era of fumbling, when democracy was asleep at the switch, and when the dictators went about the business of getting ready for war almost unnoticed and certainly unchecked.

Democracy Asleep

Mr. Kennedy believes that what we have witnessed was democracy in one of its weakest moments. He believes democracy is a superior form of government, because it is based on a respect for man as a reasonable being. But democracy, he avers, must produce able leaders and if it does not do so, the chance for its survival is slight.

The author takes the reader through the years of disarmament and collective security, when Britain alone really sought to carry out the principles to which statesmen of all nations were paying at least lip service. He follows through the period of rearmament, when Britain thought it was getting ready, when it was shocked by the supposedly vast scale of its munition expenditure, when it was creating some machinery for supply, but when in reality it was merely toying with rearmament.

In a spirit of friendly criticism, he explains the difficulties with which British leaders had to contend; the attitude of labor, the easy-going nature of the politicians; the hoping against hope that Britain would not have to bankrupt herself to match Hitler's colossal expenditures.

Munich Surveyed

One of the best features of the book is its skillful and telling analysis of Munich.

Kennedy does not speak as bitterly of the policy of appeasement as most American writers. He gives Chamberlain credit for great sincerity, but makes it clear that it was not a case of Chamberlain having played his part badly and being outbluffed. Rather, Chamberlain had little on which to gamble the existence of a great Empire. He hadn't the arms, the planes, nor the ships to "call" Hitler in 1938.

There is an equally brilliant foreword by Henry Luce, the American publisher. He differs very definitely with Kennedy in his analysis of Munich. He casts his vote against Mr. Chamberlain.

To Americans, "Why England Slept" is, as the publishers claim, a sensational challenge. A sensational challenge and a stern warning. To Canadians, it will be chiefly interesting as a vital interpretation of the record of British leaders in the years immediately preceding this war.

Penguin Specials

THE VOICE OF THE NAZI. By W. A. Sinclair.

STALIN AND HITLER. By Louis Fischer.

THE PROBLEM OF INDIA. By K. S. Shelvanker.

UNSER KAMPF. Our Struggle. By Sir Richard Acland, M.P. All published by Wm. Collins & Sons (Canada), Toronto. Price 20 cents each.

These are more of the paper-bound volumes, published in the Penguin and the Collins newsbook series.

The newer volumes are a little thinner than the old ones, and the familiar second paper jacket has disappeared; both evidences of Britain's campaign of paper conservation.

"The Voice of the Nazi" reproduces eight broadcast talks, which seek to interpret the manner in which Hitler uses propaganda to achieve his aims. It is a valuable exposition of the tricks of the trade practised by Herr Hitler and his propagandist henchman, Dr. Goebbels. Some of Hitler's speeches and a number of German broadcasts, both to the German people and to the British people, are analysed; their real purpose is indicated, and their absolute disregard of the truth laid bare.

In "Stalin and Hitler," an American journalist, known as an outspoken friend of the Soviet Union, attempts to analyze the motives that led Stalin to join the aggressor. Little new light is cast on the subject and the volume suffers from having been written before the Finnish war was over.

"The Problem of India" is notable for its historical survey of modern India and for its story of the rise of the Indian nationalist movement. The volume is distinctly unfriendly to the British.

In "Our Struggle," a Liberal M.P. in Britain neatly drafts a plan for a brand new world. It looks very much like Communism. Sir Richard Acland is one of the liveliest British representatives of the popular-front school that contributed to the weakening of the democracies and the fall of France.

How Hitler Does It

THE FIFTH COLUMN IS HERE. By George Britt. Published by Longmans, Green & Co., Toronto. Price $1.35.

A few weeks ago, the New York World Telegram ran a striking series of feature articles exposing the operations of Hitler's Fifth Column in the United States. Names, dates and places were frankly stated.

If anyone, after reading those articles, had any doubts that the Nazis had fully organized their agents in every corner of the United States, he was indeed stupid.

Mr. Britt has extended and rewritten his articles in this volume. It gives a comprehensive record of the operations of the Bund organization, of the subversive work carried on by German agents behind the cloak of diplomatic immunity; of the infiltration of German propagandists into American universities and societies; of the operations of Fascist groups; etc. There is some plain speaking about Father Coughlin and other paid or unpaid fellow-travellers with Nazi-Fascist Fifth Columnists.

Mr. Britt's book is good journalism in the best World Telegram traditions. The format is interesting; much like that of the paperbound "scribblers" we used at school. This has no doubt reduced the cost and it is most effective for a volume that is not intended to be filed away for future reading but that is today's news to be read today.

This book, and "Why England Slept" are the first productions of a new American publishing house, headed by Wilfred Funk. These two vital volumes suggest that Mr. Funk's policy will be one of timeliness in the selection of titles.

To The Travelling Public:
HOTEL LONDON
London, Ontario
Rates for Rooms as Follows:—
Single room without bath, $2.50; running water and toilet.
Single room with shower, $2.75.
Single room with bath, $3.00.
Single room with tub and shower combination, $3.50.
Double room without bath, $4.00; running water and toilet.
Double room with bath, $4.50.
Double room with tub and shower combination, $5.00.
Twin bedrooms with tub and shower combination, $5.50.
Soliciting your appreciated patronage,
H. F. STRUCKETT, Manager

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IN HALIFAX
Make your reservation at the "Lord Nelson". You'll enjoy its restful room comfort and quiet, attentive service. Famous for food. Fireproof, and with every modern convenience.
Single Rooms with bath $3.00 up
THE LORD NELSON HOTEL
"The Place to Stay in Halifax"

THE SAFE CONVENIENT WAY TO CARRY MONEY
Canadian Pacific Express
TRAVELLERS CHEQUES

Fire Insurance

Fewer Agents Urged In B.C.

Superintendent Garrett Suggests More Careful Selection — Discusses Acquisition Costs

Insurance companies other than life could with advantage give greater consideration to their agency arrangements, according to H. G. Garrett, superintendent of insurance for British Columbia, in his report for 1939 just issued.

Mr. Garrett states that the life companies are beginning to select their producers more carefully and in smaller numbers, with an eye to quality rather than quantity. "The other kinds of insurance companies could well adopt similar steps," he says.

In 1939, according to the provincial statistics, 1,238 life agents, 1,203 other than life agents and 797 insurance salesmen were licensed in the province.

While admitting that the number is large Mr. Garrett also states that so is the number of licensed insurance companies—293 in the province.

A Common Condition

This condition, he states, is not peculiar to British Columbia and is common to the United States and the rest of Canada. Nor does he find it confined to the insurance business, every business and occupation complaining of too many competitors.

Assuming a population of 750,000 for the province he proceeds, "there is approximately one life insurance agent for every 600 people and one agent for other classes of insurance for every 625 people and one insurance salesman for every 950 people."

Gross Premium Income

From this he calculates that while a life insurance agent in British Columbia on the average would write business representing $11,600 in premiums, including renewals, the 2,000 agents and salesmen writing other classes of insurance would each rate business with $4,125 in premiums as their share from all other lines of insurance than marine or life. These amounts are gross before any deduction for the operating expenses of an insurance agency.

Mr. Garrett evidently had in mind the experience of some of the life companies which, after carefully selecting their agents on the basis of suitability for the business, etc., reported a greater average production from a smaller number of agents.

He quoted S. C. McEvenue, general manager of the Canada Life to the effect that that company's whole-time agents of at least five years standing earned on an average $2,407 per annum.

He emphasized, however, that the standard of the insurance agent or business cannot be effectually raised unless the solid opinion of the insurance fraternity is ready to endorse restrictive measures.

Acquisition Costs

Discussing the cost of doing business, Mr. Garrett referred to a survey recently made by the Twentieth Century Fund from which "the chief single fact to emerge" was that "it costs considerably more on the average to distribute goods than it does to make them; 59% for the services of distribution and 41% for production."

Mr. Garrett gave figures for the fire insurance business as 30.6% of premiums for acquisition expenses and 18.5% for management. Thus in 1938 the total cost of acquisition or selling the business, added to management expenses was 49.1% of premiums in the fire business, compared with 59% for ordinary merchandise.

The expense ratio, however, he stated had increased from 41.4% in 1925 and 36.2% in 1916. Principle increase in acquisition expenses, he said, was for agents' compensation and the chief items in management expenses which have risen are salaries and fees, rents, inspection and taxes.

The effect of war on the insurance business generally, he states, will likely be to send all figures including premiums and losses higher.

Weekly Statement Bank of Canada

Rise of $1.8 million in note circulation of the Bank of Canada brought the total issue to $302 millions, according to the statement of the bank for the week ended Aug. 21.

Deposits of the Dominion Government, rose about $5.6 millions to $28.5 millions, while deposits of the chartered banks were down $3.5 millions. Other deposits gained $1.3 million.

Investments rose $2 millions to $543.2 millions.

Balance Sheet

Liabilities	Aug. 21 1940 $	Aug. 14 1940 $
Capital paid-up	5,000,000	5,000,000
Notes in circ.	302,080,247	299,203,787
Rest fund	2,449,757	2,449,756
Depos.: Dominion ..	28,555,992	22,847,244
Bank	202,454,408	205,989,219
Other	8,117,124	6,860,568
Total deposits	239,127,524	235,697,030
All other liabs.	6,678,011	10,616,249
Total liabs.	555,315,539	552,966,823
Assets		
Reserve:		
In sterl. & U. S...	4,343,299	2,659,667
Subsidiary coin	259,727	274,193
Advances	1,000,000	1,500,000
Investments:		
Dom. Govt. short.	419,842,502	416,740,009
Other Dom. Govt.	123,357,597	124,332,714
Total invest.	543,200,099	541,072,723
Premises	1,729,072	1,724,542
All other assets	4,783,342	5,735,698
	555,315,539	552,966,823

Bank Chat

To facilitate buying of war savings certificates by the public the War Savings Committee has completed a special arrangement with the chartered banks whereby depositors may have fixed amounts deducted from their accounts each month and used for certificate purchases.

New pledge forms acceptable to all chartered banks are now available from the various local War Savings committees throughout Canada. These forms may be filled in and sent to the bank where the applicant keeps his account. The bank will deduct the stipulated amount on the 15th of each month. Certificates will be mailed to the depositor's home address.

• • •

Closing of six branches of Canadian chartered banks is reported in the Bank Directory of Canada for August. These branches, all of the Royal Bank of Canada, were located three in Canada and three elsewhere. Branches in Canada closed were at Abernethy, Sask., (sub-branch), Tompkins, Sask., and Val d'Or, Que. Branches elsewhere closed were at Basse Terre, Guadeloupe, Fort de France, Martinique, and Pointe à Pitre, Guadeloupe.

In addition, a branch of the Ontario Savings Office at Kitchener was closed.

• • •

Joseph E. Howes, for 20 years assistant director of the Citizen's Research Institute of Canada and of the Bureau of Municipal Research at Toronto, has joined the statistical department of the Bank of Canada, at Ottawa.

Messenger and Paymaster Insurance In Demand

Insurance men state that the approach of autumn is showing an increased demand for robbery or hold-up insurance. This is a seasonal development and is due to the fact that the long fall nights, combined often with fog or rain facilitate considerably the work of the thug who seeks to rob the paymaster of an industrial concern, the messenger boy or a retail store or the merchant in an outlying district.

Robberies of stores in the heart of a city in winter evenings have also been fairly common. Resistance is often going to result in serious bodily harm and insurance is much more effective in any case.

Robbery insurance usually combines paymaster and office or store robbery insurance in one standard policy.

Must Prove Interest

Each of the different coverages, of course, is defined in considerable detail. But there are features common to all. For instance, if the policyholder is to have his claim for loss from hold-up of a messenger, a paymaster or a store clerk admitted, he must prove that the stolen property was his or held by him in trust for somebody else, or as collateral for indebtedness to him or in some way that would render him liable to the owner in event of loss.

Policies also provide that when securities are lost or stolen the insured person must use due diligence in trying to prevent their negotiation.

The insurance protection for payroll funds applies while the money is outside the premises of the owner and until they reach the employees for whom intended. Ordinarily these funds are protected for a period of 24 hours away from the premises of the owner. Thus if a paymaster takes the payroll home with him and it is stolen from his house within the 24 hours the owner has a right to expect indemnity. This period may be extended by arrangement. Money other than payroll funds or other property is usually covered by a policy for specified hours during the day.

Druggist's Clerk

Thus a druggist's clerk carrying his employer's money for merchandise he had delivered would be insured for only a certain number of hours each day, the period being specified in the policy as for instance, from 7 a.m. till 7 p.m. or possibly till midnight. The same would apply as regards securities which a broker's clerk was delivering. Hours during which a store would be covered against hold-up would usually correspond with the hours during which it normally does business.

While hold-up insurance may be required all the year round, the prevalence of crimes of this kind usually in the fall months makes it especially popular during that season.

London Life Man Leads Air School

R. H. Reid, executive assistant, London Life Insurance Co., has been elected president of the London Elementary Flying Training School, Ltd., a newly formed unit providing facilities for the operation of the British Commonwealth Air Training Plan.

A new air field, located five miles east of London, was recently opened officially and is being used at present in the elementary training of pilots for the Royal Canadian Air Force. It also serves as the London airport for Trans-Canada Air Lines, which opened regularly scheduled mail and passenger service from Toronto to Windsor August 1.

Insurance Problems

Equitable Fire

Kindly give me some information regarding the Equitable Fire Insurance Co.

The Equitable Fire Insurance Co. with head office in Montreal was established in 1901. It operates in Quebec under license of the provincial insurance department. That means its books are open to inspection by Government officials and its operations must be conducted according to Government regulations. At the end of 1939 it had total admitted assets of $1.6 million. Excess of assets over all liabilities excluding capital stock of $40,000 was $1.3 million. Net premiums written were $271,000 and net premiums earned $239,000. Net claims, expenses, etc., were $216,000 leaving net underwriting profit of $23,000.

Banking

Effect of Large Crop On Loans Uncertain

Delayed Movement Due to Shortage of Elevator Space May Limit Expansion in Demand for Credit

Under ordinary circumstances, movement of the western wheat crop in the autumn months means a substantial demand for bank loans. These loans may be made to the Government to pay the guaranteed price on wheat delivered to the elevators or they may be made to the elevator or grain companies which have purchased grain in their own account.

This year with a crop estimated at close to 500 million bushels and a price of 70 cents again guaranteed by the Government, there is bound to be some expansion in bank credit. But whether it will be in proportion to the crop or not remains to be seen.

Chief factor for consideration is that much of the elevator capacity of the country is already filled to bursting with last year's grain. Until this moves out, the storage space available for the new crop will be limited.

Elevator companies have been increasing their capacity by putting up additional buildings. A recent estimate stated that about 150 millions of the new crop could probably be accommodated immediately in country elevators. After that, the amount of grain that can be accepted from the farmers will depend on the speed with which stocks were cleared to the terminal elevators and put into consumption or shipped overseas.

Boats and Railway Cars

It has been suggested that as an emergency measure other buildings such as community halls, skating rinks, barns, etc., may be used for storing grain which farmers want to deliver to the wheat board to obtain cash on the guaranteed price. This might possibly mean that a considerably larger quantity of wheat could be taken care of. Later in the season, too, when navigation closes, a large quantity of grain could be stored in the lake boats and also in railway cars not in use.

The suggestion has been made that the banks should lend money to individual farmers on the grain stored in their own granaries. This suggestion called for a guarantee by the Government to the banks insuring them against loss of a certain percentage of the loans made.

Bank policy is stated always to have been one of willingness to lend to individual farmers on the security of grain in their own granaries provided the farmer's credit was good. In these circumstances each case has to be decided on its merits. A government guarantee, however, might make it possible to extend the amount of money so lent very materially.

Powerful Trade Influence

In many ways it is considered important for both the banks and general business that the western farmers be able to obtain ready money on at least a part of their crop. Last year, apart from the war, the large crop was a powerful influence in bringing general business improvement. Farmers getting some money to spend paid off debts, bought clothing, implements, did repairs, paid back debts, etc., on a scale that had not been seen for several years before. The result was a sharply increased demand for many products.

This greater industrial and trade activity meant a stronger demand for bank loans to finance stocks of merchandise, raw materials, etc. This year the farmers again have the crop if they can only turn it into money.

Apart from grain loans, other sources of bank revenue promise well. Industry is busy on war orders necessitating in many cases borrowing from the banks to finance operations until payment for the finished product is received from the Government.

Interest on investments remains low, but revenue from service charges continues an increasingly important factor in bank earnings.

Costs, it is felt, will show little change except in the case of taxation which will be substantially higher.

Security Trade Reaches New Low Level in June

June, a month when stock prices went sharply lower, also saw Canada's international trade in securities go to unusually low levels.

Balance of sales over purchases, representing a net import of capital, was larger than in May. Total sales of $9 millions exceeded total purchases of $6.4 millions by $2.6 millions. This contrasts with May sales of $18.3 millions and purchases of $16 millions.

Most of the contraction in volume was in the trade with the United States which country was also the one where general security markets took the steepest nose-dive in June. Total sales to U.S. purchasers at $8.5 millions were less than half the May level while purchases from that country at $5.7 millions compare with $14.4 millions for the preceding month.

U. K. Repatriation Small

Repatriation of securities from the United Kingdom sagged to less than $200,000. For the first six months of 1940, net re-purchases of securities from United Kingdom holders has been only $900,000, clear proof that British investors are reluctant to get rid of their Canadian holdings. Since the plan of voluntary repatriation started several months ago, there have been only negligible balances of purchases from that country by Canadians.

Results for the first half of 1940 show that sales of securities by Canadians to investors in foreign countries totalled $87.1 millions and purchases by Canadians $66.1 millions, leaving a net balance of sales amounting to $21 millions. This may be taken as evidence that investors in other countries, and particularly the United States, are still willing to send their capital to Canada. Of course, Foreign Exchange Control Board operations make certain that no export of capital takes place.

The inflow of capital for the first half of 1940 compares with $59 millions for the corresponding period of 1939 when total sales amounted to $196.7 millions and total purchases $137.7 millions. Almost all of the inflow for 1940 has been from the United States. In 1939 a considerable amount of the inflow was from other overseas countries as well as from the United States.

U. S. Stocks Sold

That there has been a moderate move on the part of Canadians to repatriate their holdings of U.S. stocks and bonds, however, is indicated by the break-down of figures for the first half of this year.

Canadians have sold $273 millions of United States securities during this period, while purchasing only $15.4 millions. By far the greater proportion of this has been in U.S. stocks. Sales of this type of security totalled $24.8 millions while purchases by Canadians of U.S. common and preference shares amounted to only $12.8 millions.

On the other hand, U.S. investors have bought $47.3 millions of Canadian stocks and bonds while selling to Canadians only $38 millions.

Six Months' Security Trade

	Sales $ Millions	Purchases $ Millions
With United States		
1938	130.3	114.6
1939	149.7	106.1
1940	77.9	56.9
With United Kingdom		
1938	23.1	29.4
1939	24.3	24.4
1940	6.7	7.6
With Other Countries		
1938	12.7	6.9
1939	26.7	7.1
1940	2.5	1.6
With All Countries		
1938	166.1	150.9
1939	196.7	137.7
1940	87.1	66.1

Weekly Bank Clearings

	Aug. 22 1940 $	Change year ago %	Aug. 15 1940 $
Halifax	2,655,866	+22.6	3,218,612
Saint John .	1,862,353	+4.0	1,834,532
Moncton ...	891,678	+17.7	765,501
Sherbrooke .	730,471	+1.0	901,297
Quebec	5,171,032	+14.8	4,738,212
Montreal ...	84,246,932	—1.8	84,528,853
Ottawa	22,142,882	+70.0	19,944,684
Kingston ...	583,225	— 3.6	576,110
Peterborough	614,987	+16.8	620,684
Toronto	106,540,460	+20.9	86,637,979
Hamilton ...	6,426,098	+29.6	4,920,073
Kitchener ..	1,118,769	+15.0	928,914
Brantford ..	811,201	+11.6	756,515
London	2,231,892	+8.4	2,314,553
Chatham ...	497,889	+14.1	553,445
Windsor	2,790,301	+18.9	2,468,189
Sarnia	503,697	+11.1	386,526
Sudbury	879,584	—12.0	1,114,166
Fort William	873,131	+10.7	779,357
Winnipeg ..	28,805,675	—40.2	24,728,367
Brandon ...	310,453	+5.3	324,517
Regina	3,424,199	+13.1	2,852,105
Moose Jaw .	592,570	+12.1	475,974
Saskatoon ..	1,360,512	+26.2	1,155,980
Prince Albert	358,272	+22.4	282,632
Edmonton ..	4,281,623	+15.6	2,820,308
Calgary	5,406,682	+21.7	4,673,623
Lethbridge .	400,481	—15.3	386,995
Medicine Hat	207,602	—9.7	190,941
N. W'minster	631,257	+2.1	726,743
Vancouver .	17,117,309	+10.8	15,816,061
Victoria	1,807,255	+16.6	1,691,035

Staff Changes

The Canadian Bank of Commerce announces the following staff changes:

L. G. GIASSON, accountant Bedford, Que., to be manager Malartic, Que.

R. A. GAGNON, manager, Malartic, Que., to be manager Noranda, Que.

Flying Column Invades Prairies

From Our Own Correspondent

WINNIPEG.—Captain Reece H. Hague, one of the prime movers in forming both the Flying Column and the Co-ordinated Veterans' Council of Vancouver, is at present in Winnipeg with the aim of feeling out the situation in the prairie section of the country with a view to formation of similar bodies in Winnipeg and other western cities.

The Flying Column came into existence in the Pacific coast city last May, brought about by general dissatisfaction with the apparent slow progress being made in the war effort by the Dominion Government. Some 10,000 men reportedly enrolled in the Flying Column with the purpose of voicing their dissatisfaction and of being already organized for any defensive service which Canada should require.

In addition, the returned men of Vancouver decided to co-operate in making their sentiments heard and a co-ordinated veterans' council was established, representative of 80 returned soldiers' organizations, battalion associations, etc.

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From the Records
Facts FOR THINKING MEN AND WOMEN
.. Last year 53,000 new policyholders were added to the Sun Life family
SUN LIFE of CANADA
HEAD OFFICE • MONTREAL

LEDGER

United States Fidelity & Guaranty Company
TORONTO

The WAWANESA
Mutual Insurance Company
Assets Exceed ... $2,600,000.00
Surplus 1,330,363.89
Dominion Govt. Deposit exceeds 1,000,000.00
Wawanesa ranks 1st against all Companies operating in Canada on Net Fire Premiums Written according to Dominion figures for 1939.
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Branches at Vancouver, Edmonton, Saskatoon, Winnipeg, Montreal and Moncton.
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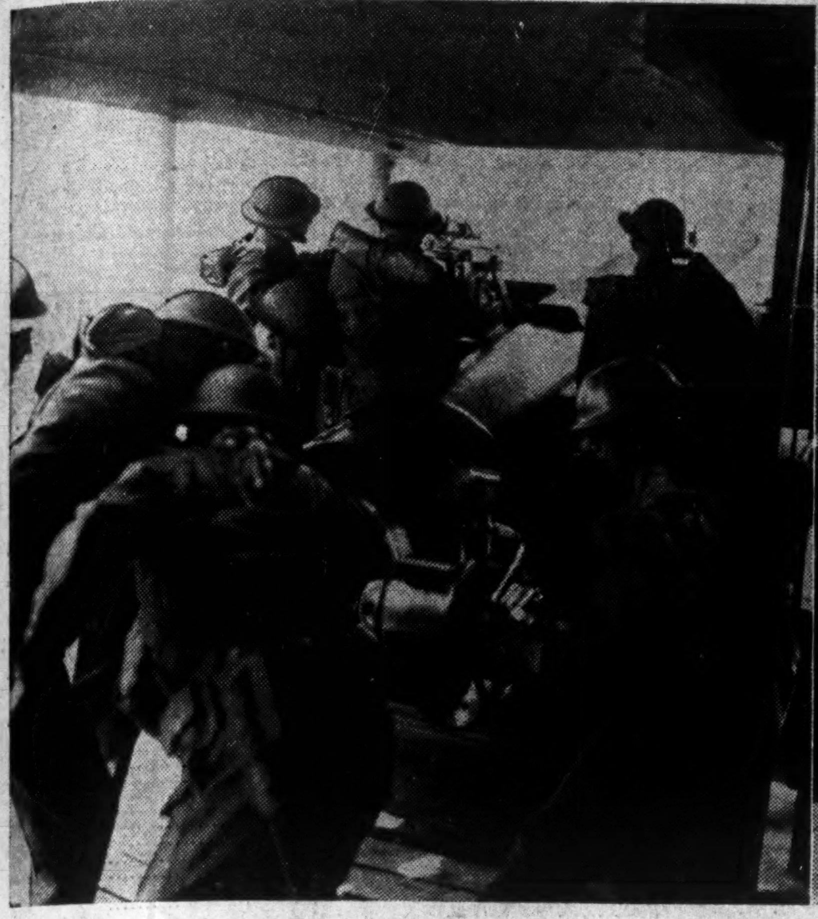
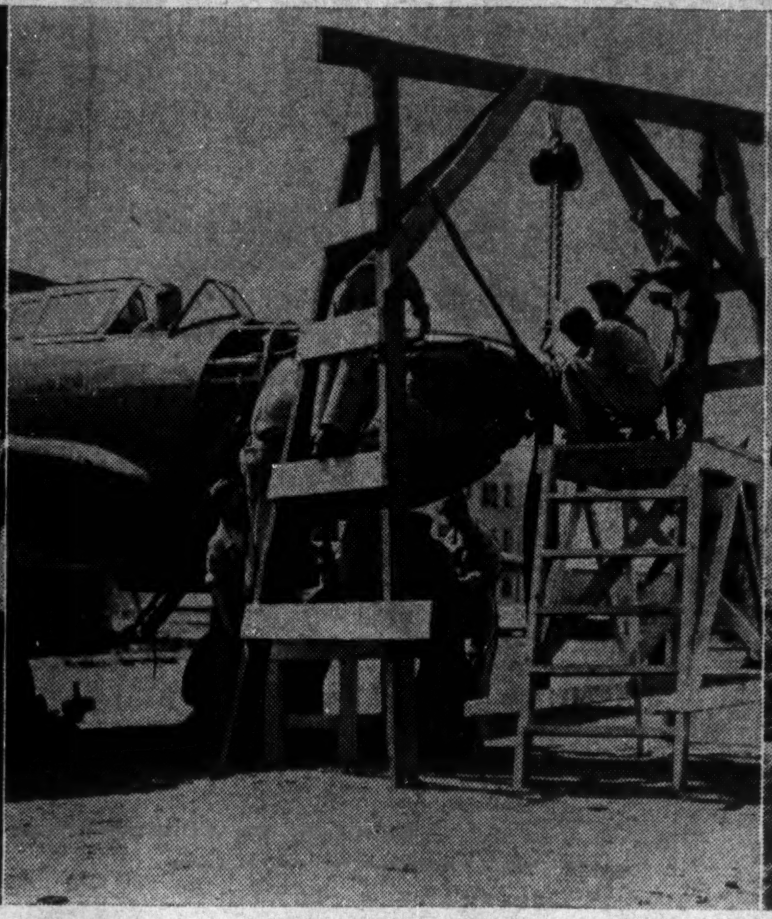
Canada Now Centre of U. S.—Empire Defense



Canada's defense now has another link.



Canada turns out super air fighters.

Canada prepares to build tanks.

Canada's sailors took part in the Dunkirk epic.

Last week Major George Fielding Eliot interpreted the significance of the U. S.-Canada defense pact in terms of continental defense.

This week Professor A. R. M. Lower, of Winnipeg, long a student of defense matters, presents a Canadian analysis of this history-making move. Canada, he declares, has found its ultimate destiny as the key link in the chain of Anglo-Saxon and democratic nations.

By A. R. M. LOWER

Out of tragedy has come a miracle. Out of the destruction of peoples in Europe has come action in America that could never have been achieved in peacetime.

The Canadian-American decision to tackle the defense of the continent in partnership ranks easily as one of the most important events of our history. It may open the door to a future so vast as to stagger the imagination.

The agreement reached at Ogdensburg is significant from innumerable points of view.

The Permanent Joint Board of Defense at once recalls the International Joint High Commission, that unique body which for years has been quietly solving vexatious boundary problems and, in so doing, writing new chapters in international law. Gradually, and without much remark from either side, the United States and Canada have been discovering ways of ordering their relations by peaceful and legal means, and they have begun to develop institutions suitable to that purpose. Already there can be discerned the outlines of what might be called an embryo constitution for North America.

A common regime, coming by natural evolution, not feared and detested by Canadians as was the old bogey of annexation, is only one door that the Ogdensburg agreement may have opened.

There is an even wider one. Every English-speaking Canadian bears on his mentality the scars of the great wound of 1776, that fateful year of revolution in which the race was split. Canada is, in a sense, the child of divorced parents. For it must not be forgotten that we have two motherlands: both Great Britain and the United States may be regarded as our parent nations. This division of the race, for so long accompanied by ill-will and dislike on both sides, has left its mark on all of us Canadians.

Tradition and allegiance have drawn us to Great Britain; environment, proximity and a common way of life to the United States.

As a result Canada has never been mistress of her own soul. She has been a piece of soft iron between two powerful magnets. She has been like Bunyan's "Mr. Facing-both-ways" and it has been open to speculation as to whether there was anything in between the faces. Most Canadians have hoped, in their heart of hearts, that somehow or other the day would come when the old wounds that divided the race would be healed, when again the English-speaking world would be one. Not politically one, but one in spirit and in purpose. From that hope and from our position has sprung the time-honored assertion that Canada's rôle is that of an interpreter between Great Britain and the United States. It is a rôle for which she has been perpetually cast but in which she has rarely appeared.

It may be that our great moment has come, our supreme moment. Perhaps at last we shall not only be the interpreter but the common bond between the two great sections of the race, strong enough to draw them once more together. Even yet, while so much has been lost, much remains: Anglo-Saxondom united could still be the greatest force in the world.

It would have within it, within our own country indeed, the largest non-European representation of that other great people, the French, who despite their temporary misfortunes, will one day again give to civilization that urbanity and intellect without which it can hardly be imagined existing.

French Canada's Rôle

For the present French Canada must bear the main responsibility for the preservation of all that the French spirit has meant to the world. It will have its opportunity in a happier future to help bring back into the great family of free peoples its own motherland, France, that great country whose history is so intertwined with our own, and of whose civilization our own is historically so much a part.

This is the widest vista open to the Canadian imagination, the reunion of the race, the ending of the deep divisions within the Canadian soul. How it will come about we cannot yet tell. But it is an achievement possible to faith and if we Canadians fail now, with gates swinging open everywhere, we shall go down to history dishonored and unworthy.

These are vast speculations. They probably would fill official Washington and London with alarm. That is unimportant. Providing the spirit is right, and the right moves are made from day to day, the portentous future may be left to itself. It is the genius of our race to do things one at a time, without worrying overmuch about the blueprints of an exact and perfect scheme. The first steps were taken years ago in the stubborn determination of Americans and Canadians to remain good friends, and the succeeding steps are coming naturally.

Of these, the Ogdensburg agreement is among the first in importance. Consider what it involves in practice: "Immediate studies relating to sea, land and air problems, including personnel and material."

Field of High Policy

These words mean more than merely working out a common calibre for army rifles. On the side of material they mean that much and a great deal in addition, but they necessarily go far beyond the range of material alone. It is an axiom with strategists that "defense depends on policy." Not until the statesmen have decided the best course for the ship of state can the sailors and the soldiers decide what measures are necessary to protect her on the voyage.

"The defense of the northern half of the western hemisphere" therefore leads at once to the high field of policy. For the implications of the new agreement to be appreciated in their entirety a searching examination of world affairs would have to be made: the great questions of key natural resources, naval bases, populations, the geographical disposition of the world's important sea and land areas would have to be examined. Above all, analysis would be required of the governing consideration of the balance of power.

Partner Versus Helper

We Canadians, heretofore so sheltered, like minor children who do not have to confront the realities of life, have considered that our task was done when we helped, as in the last war. Now, however, joining partnership with the dominant power in America, we must face for ourselves the great issues of world policy, in addition to the important detail tasks of defense, the raising and equipping of forces.

If we do not, we may find ourselves in the curious position of being the tail of two kites at the same time, the British and the American. The old colonial days when we were content to be the tail of any kite must be put resolutely behind.

Not even a bird's-eye view of the world policy can be given here. It must suffice to suggest that what is gaining American sympathy at the present time is more than common origins and common ideals: it is keen realism and common sense, the average man's perception that if Hitler won, the balance of power would be so upset that America could have no quiet. The world balance today swings about Germany-Italy, Japan, Russia and the British Commonwealth plus the United States.

There is one of the vast matters of policy that our Permanent Joint Board may look at: the whole conception of the balance of power and the various ways in which it may work out, the diplomatic overtures to which it may lead.

Secondly, the committee could never have been suggested if the United States did not regard itself as a kind of unofficial ally of Great Britain, for the first word on joint defense must be "who is the foe?" We all know the answer. American policy, as to the Atlantic, is as clear as daylight. It is simply the historic policy of Great Britain, transferred overseas: "contain" the foe within the continent, keep the freedom of the seas.

British Navy is Key

For generations Americans thought in terms of coast defense; their navy was primarily a coast defense navy. The British navy, on the other hand, since about 1690, has been a "containing" navy, bottling up in harbor the fleets first of France and Spain, and later of Germany and Italy. Now Americans see more clearly than before the function of the British navy and air-fleet (for this latter is helping to fill essentially the same rôle as the navy) and recognize that if that fleet were lost, they would have to perform its duties themselves.

The essential nature of the problem thus immediately stands revealed: the defense of America, the island continent,

(Continued on page 14)

World Voice for Canada

Short-wave Broadcasting From Dominion is Urgently Needed In This War of Ideas . . . But Cabinet Must Act Quickly Or Lose Available Equipment and Reserved Channels

By STAFF WRITER

OTTAWA.—Canada is now likely to catch up with the parade of most of the large and small nations and equip herself with a major short-wave broadcasting station.

Siam is bidding against Canada for available equipment, but indications are the Government has awakened to the urgent need for short-wave facilities in Canada and will move fast enough to secure it.

Britain has been negotiating with the Government for permission to build a short-wave station here, to supplement the BBC stations in England, but to be operated by the Canadian Broadcasting Corporation. Some members of the cabinet are believed to look with favor on the British proposal, which would save Canada some money. But others hold the view that it would be ungenerous for Canada to ask Britain to put up the cost of a short-wave station in Canada; that this country is of sufficiently adult stature to pay the cost of its own short-wave station, but could co-operate with Britain in the preparation of programmes for transmission around the world.

Britain's desire to see short-wave radio established in Canada is only in part due to fear of possible destruction of British radio stations. In addition, there is a desire to make use of the frequencies assigned to Canada but now idle.

Germany and Italy now have under their control 170 standard broadcast stations. The United Kingdom has six. The Axis has 40 short-wave stations; Britain four.

That is the chief reason why a new station somewhere in the Empire is vitally needed.

An official emissary to Washington is understood to have the assurance of American officials that there is no objection there to Canada setting up short-wave facilities, a fear that has long been used as an argument against it.

One thing is essential: Canada has to make up her mind promptly. The option on the available equipment is fast expiring. Secondly, if Canada is to reserve her place in the world's air-waves she has to begin to use her exclusive channels soon.

The equipment available, a 50,000-watt transmitter built by RCA on order of a South American republic but which is now available for another buyer, can be assembled here and operating in three months.

If this equipment is not purchased, it will take 12 to 15 months to secure another set-up.

More serious would be the effect of delay on Canada's position in the world of broadcasting.

Some seven channels are reserved in the name of Canada with the Union Internationale de Radio Diffusion at Berne, Switzerland. Already at least one of these channels has been stolen by Germany, theft possible only because Canada was not using it. Most of the satisfactory frequencies have already been assigned to one country or another. They are eagerly sought and more "squatters" can be expected unless Canada makes use of her reservations, thereby making them useless to others. They are in the 6, 9, 11, 17, 21 and 25 megacycle bands.

A few weeks ago, a special committee of the Senate investigating this matter generally, strongly recommended that Canada establish her own short-wave facilities at once.

Importance of Propaganda

Because this is a brand new type of war, a totalitarian war involving every single individual, because the conflict of ideologies is sharp enough for all to understand and because these new and powerful weapons of idea-warfare exist, what the individual thinks about it is important to a degree that could not be conceived even a quarter century ago.

One by one the voices of free Europe are being put out. In handfuls, Hitler has been grabbing these weapons and turning them over to Mr. Goebbels for assaults on the minds of people everywhere.

In his book, Mein Kampf, Mr. Hitler says that he learned the arts of propaganda from the British performance in the last war. That weapon, he wrote back in 1923, he would use and even improve upon in the great war he was going to make.

The globe-girdling media of short-wave radio was one weapon the British did not have in 1914 or in 1918.

Britain's consideration of building a station here is motivated in part by the danger in which her two short-wave broadcasting centres, at Daventry and Inverness, would stand if Hitler sent his planes against them.

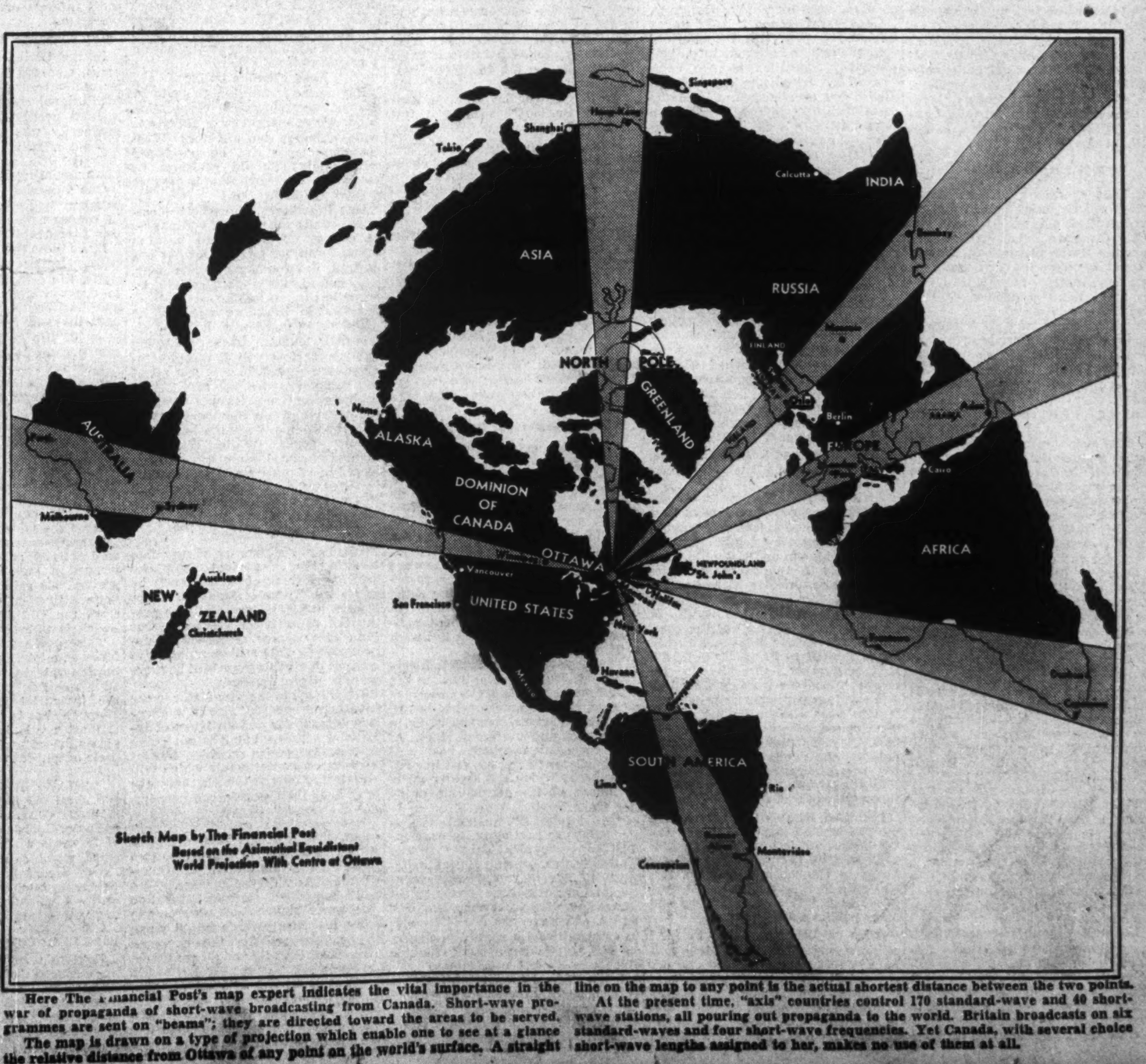
Two lucky bombs could silence Britain's voice to the world—especially to the enslaved masses of Europe—and give free run of space and time to the mendacities which the enemy pours out to the world in never-ending stream. But the British stations are not regarded as likely to be early Nazi targets.

A significant observation made by a military authority is to the effect that throughout the whole war so far Hitler has never bombed or in any way damaged a radio station. These have been carefully spared and speakers of the Nazi propaganda squad follow closely on the heels of Hitler's invaders. "That's what they think of the power of this new weapon," he said.

Thus direct bombing of Daventry or its stand-by is not feared, unless and until Hitler makes up his mind that he can never hope to invade Britain.

Cost of the 50,000-watt short-wave equipment available for Canada would be about $350,000, with yearly operating expenses estimated at $100,000. This sum, of course, is not large when taken as part of Canada's normal yearly expendi-

(Continued on page 14)



Here The Financial Post's map expert indicates the vital importance in the war of propaganda of short-wave broadcasting from Canada. Short-wave programmes are sent on "beams"; they are directed toward the areas to be served.

The map is drawn on a type of projection which enable one to see at a glance the relative distance from Ottawa of any point on the world's surface. A straight line on the map to any point is the actual shortest distance between the two points.

At the present time, "axis" countries control 170 standard-wave and 40 short-wave stations, all pouring out propaganda to the world. Britain broadcasts on six standard-waves and four short-wave frequencies. Yet Canada, with several choice short-wave lengths assigned to her, makes no use of them at all.

Too Much Business, Rubber Firm Problem

Canadian tire and rubber companies are doing an enormous job in supplying military vehicles with special tires, for Canadian, Australian, New Zealand, Indian and other Empire countries. They are now going at top capacity. If war orders increase, what happens then?

By ARTHUR D. ELLWOOD
Investment Editor, The Financial Post

War and Canada's swift production of army vehicles is creating difficult problems for the nation's rubber companies, as indicated in a brief article on page one.

They are: How to supply a probable increase in war needs and, at the same time, meet normal civilian requirements, and second: How to maintain ample crude rubber stocks without exposing themselves too much to the perils of crude price declines.

Manufacture of rubber goods of all kinds in Canada is an industry which last year produced $58.8 millions of products, a gain of $5.4 millions over 1938, but $1.3 million less than in 1937.

Domestic sales of $45.1 millions in 1939 were $4.6 millions higher, while export sales were down $874,779.

Ordinary Exports Fall

Ordinary export business, which usually amounts to a substantial volume, chiefly to Empire countries, has been reduced at least 25%, it is estimated. Apparently, however, this has been largely offset by large Government orders from Australia, New Zealand, India, South Africa and other parts of the Empire, all of which are getting large quantities of mechanized army transport vehicles from Canada.

Sales of mechanical rubber goods—belting, hose and the multitude of rubber articles used in industry—have kept pace with the expanding scale of industrial activity in Canada.

In 1938, tires and tubes made up 47% of the rubber industry's output; footwear another 24%, and the balance went to all other products which would be mainly mechanical goods. Exports of mechanical goods are also lower this year.

A comparatively new line with Canadian tire companies, but one that is growing rapidly, is manufacture of tires for airplanes. According to Mr. Howe, Canadian aircraft plants had orders for 3,200 aircraft at the end of July of which 257 had been delivered. By early 1941, he estimates the Canadian aircraft industry will be turning out 360 planes per month. All of these require special tires.

The Canadian Government has bought and set up in three of the largest tire factories several million dollars worth of machinery necessary for the manufacture of special tires used for war. This has helped greatly in making possible speedy production.

While the tire plants feel that they can handle all present army and normal civilian business, they point to the fact that Canadian tire-making capacity is now being used to its effective maximum. Hence, if war business should materially increase some decision would have to be made regarding (a) further plant expansion, (b) some reduction of civilian demand.

Crude Supply Problem

The problem of an adequate supply of crude rubber is causing some concern. So far, there has been no trouble except for the longer period required to get shipments to Canada. Crude rubber is the only raw material Canadians fear will cause real difficulty. There is an estimated six or seven months' supply of crude rubber now in stock in Canada. This is somewhat above a normal supply. Increases in stocks of crude rubber are apparently being made by rubber manufacturers to the fullest extent possible. A move that is not without danger.

90% Empire Rubber

Canada gets its supply of crude rubber chiefly from British owned, or controlled, plantations in the Far East. Comparatively little comes from the Dutch plantations. Empire content requirements for exports, as well as favorable taxation and tariffs, make this dependence on British sources advisable.

In 1939 there was 72.8 million pounds of crude rubber brought into Canada of which 90% came direct from the British East Indies. This was an increase of about 7 million pounds over 1938.

During the first six months of 1940, imports were up to 41.4 million pounds which compares with 30.6 million pounds in the comparable period of 1939. During the 1940 months percentage imported from Empire producers rose to 94%.

Average price of the rubber imported in 1940 has been 20.6 cents a pound compared with 15.2 cents a pound for the corresponding period of 1939.

Nowadays it takes three to four months for a rubber shipment to get to Canada after it is bought. Before the war shipments took a month to six weeks.

Japan Threatens

One fear of the rubber industry is that Japan will take aggressive steps against the Dutch territories in the East which are important rubber producers. It is not thought that there is much danger to the British controlled territories.

Actually, it is not so much a fear that the Japs would curtail shipments as that they would produce all possible rubber and sell at low prices and ruin the price structure.

At present rubber production is carefully regulated by joint British and Dutch action to assure an adequate supply and comparatively stable price.

Thus rubber manufacturers in Canada, and elsewhere who have followed the normal practice of stocking up under circumstances like the present would be exposed to the danger of severe losses through crude price declines. The industry is well aware of how serious price declines can be through previous experience as recently as 1938.

Amount of capital required to build up large stocks of crude rubber is very great. The present estimated six or seven months' supply in Canada, at average import prices for the first half of 1940, would require approximately $8.5 millions.

Canadian companies are not getting assistance in building up reserves such as is being given by the United States where the objective is to have a year's supply. There is a possibility, however, that the companies may request some such assistance or perhaps protection against loss on government orders.

Ordinarily, it is estimated that raw materials are about one half of the total costs of the rubber industry and of this half, rubber itself is about two thirds or one third of the total.

Other important materials that must be imported are raw cotton and carbon black, both of which come from the United States. There is no difficulty about getting all that is wanted of these.

Tires Largest Product

In the United States, about 25% of all tires produced go as original equipment on motor vehicles with another 72% going as replacements. Canada last year exported about 23% in value of its tire production, but the balance was probably divided between original equipment and replacements in about the same proportion as in the U. S. Better tires have more than offset the greater number of automobiles in use. Tires had an average life of only 0.933 years in 1919 compared with 3.420 years in 1938.

Tires and tubes make up from 50% to 55% of the rubber industry's dollar production. This is a decrease from well over 60% which this division made up in 1929. It is in the mechanical goods lines, as well as in the growing numbers of special tires needed to equip airplanes and farm implements, for example, that the industry's best opportunity for increased sales and profits seems to lie.

This year should be a good one from the earnings standpoint for all rubber manufacturers, probably exceeding 1939 in spite of substantially higher taxation. The final results for most companies, however, may be largely determined by what policy is adopted for special inventory reserves or write-offs.

Public Interest Limited

Public interest in the rubber industry in Canada is not as extensive as in some others in spite of this industry's major importance. Large companies, such as Firestone, are wholly-owned subsidiaries of U. S. concerns. Others are privately owned by Canadians.

This factor of linkage with organizations either in the United States or Great Britain is a feature of the industry in Canada and one which has undoubtedly restricted the public investment interest in this country. At the same time, it gives Canadian companies access to research facilities of the parent companies.

There are, however, several companies in which the investor can participate and in which his experience has been reasonably favorable.

Goodyear Tire and Rubber Co. of Canada is the largest maker of automobile tires in this country. This company, controlled by the company of the same name in the United States, has specialized more in the manufacture of automobile tires than some others although having an important mechanical rubber goods section.

Goodyear's main plant is at New Toronto, with other plants at Bowmanville and a cotton mill at St. Hyacinthe, Que. An important export trade has been built up, chiefly to other parts of the British Empire. Goodyear has established a very strong financial position and its earnings record is exceptionally good.

Regular dividends of $2.50 a share are paid on the common, together with occasional extras which, for 1939, amounted to another $2.50. In 1939, the company earned $5.26 a share on its common compared with $7.50 a share in 1938. The 1938 earnings could not be regarded as normal, stated the president, being inflated by inventory profits.

Dunlop Tire and Rubber Goods Co. is controlled by the Dunlop interests of Great Britain.

At its plant in Toronto, the company makes a complete line of tires and accessories, mechanical rubber goods and sporting goods. It has a specialty, known as Dunlopillo, used extensively in upholstery. Management was assumed by Canadian Industries Ltd. in 1933, which company, along with Dunlop Rubber Co. of Great Britain, owns all of the common stock. Public investment interest is limited to the $823,675 of 5% first preference. Considerable increase in sales was shown in 1939 and earnings per share were equivalent to $6.80 a share on the preference, compared with $2.76 a share in 1938. Regular dividends have been paid on the preference stock since the recapitalization early in 1938. This greatly improved the company's financial position.

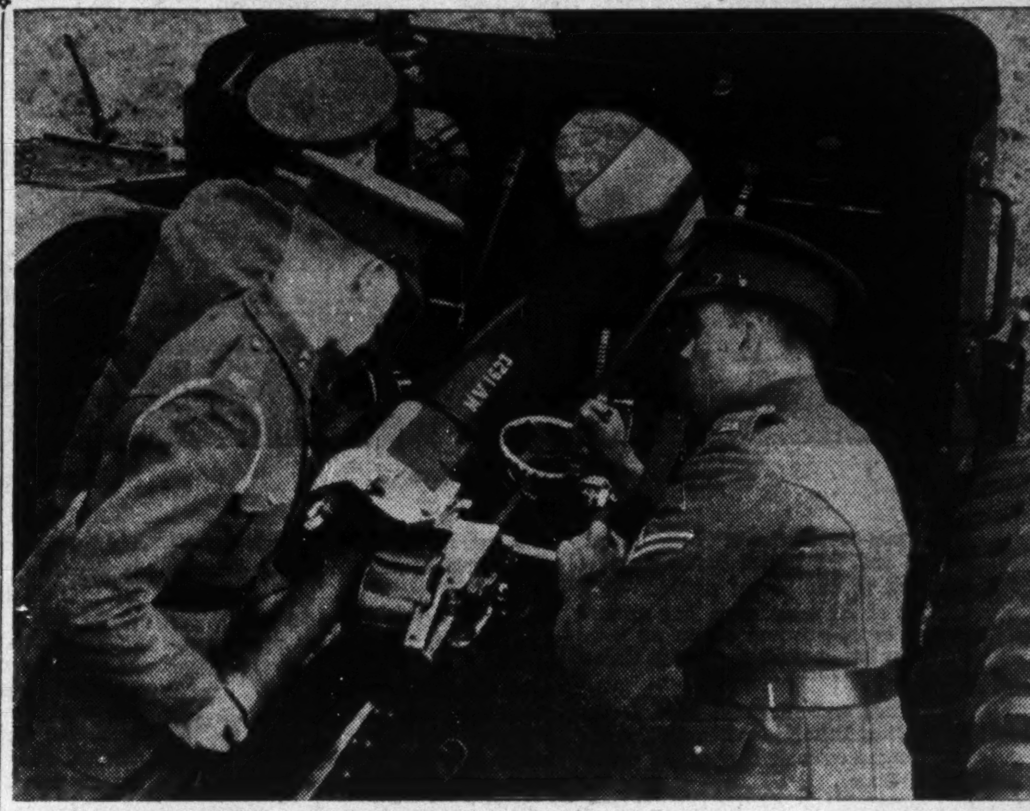
Dominion Rubber Co. is controlled by the United States Rubber Co. Public interest in the Canadian company is quite limited. From its factories in Quebec and Ontario, this company makes a line of rubber goods including tires, footwear and other rubber accessories.

Sales in 1939 amounted to $12.7 millions compared with $11.6 millions in 1938. After provision for depreciation, interest and writeoffs, a net loss of $163,728 was experienced, compared with a loss of $528,458 in the previous year. Over 90% of the outstanding common and preferred stock is owned by the United States Rubber Co.

Seiberling Rubber Co. of Canada is controlled by the Seiberling Rubber Co. of Akron. In its Toronto plant, it manufactures tires, tubes and other rubber products. There is a limited public interest in this country in the common shares. In the year ended Oct. 31, 1939, the company earned $1 a share on its common compared with 48 cents a share in the preceding year. No dividends have been paid.

The B. F. Goodrich Rubber Co. of Canada is controlled by the company of the same name in the United States. At its Kitchener, Ont., plant, the company makes tires, tubes, rubber accessories and footwear. Main public interest in this company lies in the 7% cumulative income second mortgage bonds, of which slightly over $1 million is outstanding. When the small 7% first mortgage issue matures in 1943, this income bond will be a senior charge on the company. Interest payments have been irregular, last payment being 4¾% in March, 1936. The company reported a deficit of $8,984 in 1939, compared with a deficit of $237,318 in 1938.

Viceroy Manufacturing Co. makes a line of rubber specialties and is not interested in the tire business. This company's earnings have been comparatively good. In the year ended Feb. 28, 1940, the company earned $3.07 a share on its common compared with $1.15 a share in 1938. Regular dividends are paid on the preferred. Prior to the war this concern had built up an important export market to other parts of the Empire.



THE MODERN ARMY TRAVELS ON RUBBER

Mechanical transport vehicles for armies of Canada and the Empire such as these (upper) are coming off the assembly lines at two Canadian automobile plants at the rate of 600 a day and will soon be turned out even faster. The tires used are made by a secret British process by three Canadian tire manufacturers. This means about 3,000 of these special tires daily. Other special type tires are required for various types of artillery and for airplanes. Demand from such sources is the chief reason for the high rate of operations.

Handling $700 Millions

War Poses Difficult Problems for Life Insurance Company Investments

Charting an investment course in war perplexes the individual with $1,000 and it's no cinch for the institutional investor with $700 millions and more under his charge.

That's the way Canadian life insurance company executives look at it. Knotty problems may arise from these twin questions: Will interest rates stay down? If they do, how keep up revenue on the prevailing return for government bonds?

Because life insurance executives must supervise enormous sums, and base their guesses on the bedrock of facts, what they have to say is of more than academic interest. True, policyholders want to know how these companies will weather the years ahead; but investors in general are anxiously seeking a few buoys on their course.

Insurance men interviewed by The Financial Post are not worried about interest rates. If there should be a rise, it would probably mean a depreciation in assets as a result of lower market prices for bonds.

But the Government has virtually complete control of the bond market at the present time. And it has measures in reserve to prevent interest rates from hardening.

The prevailing policy now is watch and wait, purchasing Dominion of Canada bonds. Most of them "short terms." As one company official explained: "If interest rates go up, you don't suffer the market value depreciation you do on long terms."

Sold Norwegians Promptly

A few companies got rid of their Norwegian bonds last fall when Finland was invaded. Others have been making their portfolios shipshape by selling securities which went as low as $32 per $100 in the depression period but came back to par recently.

With a scarcity of attractive investments prevailing for some time prior to the outbreak of war, insurance companies were finding difficulty in maintaining the broad diversification their investment policies call for. This problem has been intensified by the war.

The Canadian and British Insurance Companies Act authorizes the investment of funds of life insurance companies in government bonds, corporation bonds, mortgages, or in debentures and preferred stocks of any corporation which has paid dividends for five years, and in common stocks which can show regular dividends of 4% per annum or $4 per share.

"The only readily available securities today are refunding issues of industrial companies, chiefly in the United States, bearing approximately 2¾% interest," said one executive, emphasizing the difficulty of increasing diversification. The U.S. issues, of course, are available only to companies with sizeable balances in U.S. funds because of Foreign Exchange control regulations.

In an attempt to offset the low return brought by gilt-edged securities, another company recently bought shares of Lake Shore Mines when they were yielding around 7%. While many gold mining issues are yielding above 10% on the basis of current market prices, the strict laws governing the investment of life insurance company funds limit the companies' opportunities of taking advantage of these high yields.

Under a diversification schedule, classifications are set up within which individual securities will be selected. This so-called primary selection tells the company what it shall or shall not buy—it establishes a limit of risk. With such sign posts set up, it is comparatively easy to choose a particular security within a primary classification.

Need Flexible Policy

But where is the line going to be drawn now? How will corporation bonds whose market price fluctuates with earnings be affected? What common stocks can be purchased with safety? Should revisions be made in the portfolio to secure greater diversification?

One life insurance executive emphasized the necessity of willingness to change an investment position promptly in the light of further important developments which may, and indeed are almost certain to, occur in coming months.

Asked to be more specific, he posed three questions: 1. What effect will taxation have on buying habits? 2. How will it affect company earnings? 3. How will it affect the companies themselves?

This executive foresaw a channeling of savings into war loans and an attempt to discourage the buying of luxury goods. While companies manufacturing luxury commodities would be adversely affected, he said, by this trend, it would also affect those industries indirectly dependent upon the luxury industries.

New Factors

"There are a number of new factors in the investment field," he said, "and their effect needs to be appraised. There is taxation. There is high industrial activity. The productive capacity of Canadian war industries is now estimated at approximately $500 millions a year; as a result of all this there will be more money in circulation."

He pointed to the new factor in the investment sphere. "This new situation is good for certain types of industrial activity, but it is not going to last. Companies should not enter investment commitments which will only last as long as the war; they can only base their policies on permanent changes."

Bearing these considerations in mind, this life insurance company general manager is enquiring, specifically, into the outlook for Canadian public utility securities.

He suggested increased taxation may make higher rates necessary in some instances—which might mean lower earnings for the company concerned. And this might well react on the market prices for the bonds.

Being long-term investors, life insurance companies do not change their investment programmes drastically in a few months. It took a decade or so to learn a bitter lesson on the results of buying too heavily into western Canada mortgages.

As one investment manager recalled, his company bought considerable western Canada farm mortgages in the early '20's. Bumper wheat crops filled everyone with optimism. Few foresaw what low prices wheat would drop to in world markets—with drastic depletion in farmers' incomes.

After the last Great War, southern Alberta, a predominantly ranching country with scanty rainfall, was ploughed under for wheat. Later came drought, poor crops, near-poverty for the farmers. Irrigation was tried. Then enormous surpluses glutted world markets. Farmers in Saskatchewan fared no better.

In rough outline, this was the background that led to inability to meet interest or principal on farm mortgages.

No Speedy Solution

In the period prior to the 1929 crash, common stocks were favored by many insurance companies and institutional investors. Economists assured people that a new era of prosperity was at hand; they envisaged a rising cycle of business activity with earnings of corporations mounting steadily.

One large Canadian life insurance company had over 53% of its assets in common stocks in 1929. In 1939 this percentage had fallen to 25.7%.

Since these two chapters in investment practice took a long time to write, life companies do not expect to chart a clear course in a few months. Nor do they look to just the next three or five years to tell the story of the effect of this war on the investment world.

They are looking ahead to several decades after the present struggle. They are wondering what the precise effects of wartime financing will be on Canada's debt structure, on the money and capital markets. What will be the aftermath, they are asking, on our federal, provincial and municipal governments?

Weighing all these intangibles cautiously, one insurance man expressed the view that Canada would see an immense resurgence of industrial activity after the war. He envisaged a swelling tide of immigration. He said there would be a wide influx of capital and brains from the Old World—a movement which is already perceptible.

This post-war development, he foresaw, might tend to neutralize the burden of taxation to meet augmented national debt. It might mean that the industrial machine would be given "a shot in the arm" just when it most needs it—at a time when plants are attempting to re-channel their output into peacetime needs.

SHAWINIGAN DIVIDEND

From Our Own Correspondent

MONTREAL.—Shawinigan Water & Power Co. has declared a dividend of 23 cents a share on its common stock, payable Aug. 26 to shareholders of record July 24. This brings payments in the current year to 68 cents. Dividends are paid at the rate of 90 cents annually.

ECONOMIC DIVIDEND

Economic Investment Trust Ltd. has declared a dividend of 62½ cents a share on its common stock, payable Oct. 1, 1940, to shareholders of record Sept. 21. A similar payment was made Oct. 1, 1939, and $1.125 a share in April of this year.

Doubts Discovery Threat to Canada

New U. S. Bleaching Agent Would Benefit Canada Also

From Our Own Correspondent

MONTREAL.—Discovery of a new bleaching compound that might "free the United States from dependence on foreign wood pulp" is not viewed here as a threat to the Canadian pulp and paper industry.

The Pulp and Paper Institute of Canada, McGill University, states that this new "sweet salt" is another chemical containing chlorine, the activating agent in pulp bleaching. It may be a more convenient agent than those now in use, but if this is the case, the benefit will accrue to the Canadian industry as well as to that of the United States.

It was announced that the new bleaching agent is sodium chlorite, a chemical known for over a century. The announcement stated that this is the first time it has been developed for use on a commercial scale for bleaching.

Numerous Uses

It is claimed that the salt will bleach pulp of kraft paper to a high degree of whiteness without weakening the fibre. Because kraft tends to yellowness, the better bleaching properties of the salt and its maintenance of fibre strength is hailed in some U. S. centres as an important discovery. This salt may also be used for bleaching straw for hats, cotton, rayon and other cellulose fibres, flour, starch and plastics.

Its discoverers reason that it makes possible production of wood pulps of all types and qualities not obtained hitherto from U. S. raw materials and methods and that it would make the U. S. independent of foreign sources of forest products. It is also claimed that a permanent increase in output of U. S. wood pulp would be brought about.

Chem. Research Files Big Suit

Gyro Process Co., subsidiary of Chemical Research Corp., has filed a suit for $5¼ millions against American Locomotive Co. in Detroit courts, it is reported.

Of the amount asked, $250,000 is said to represent indebtedness of American Locomotive to Gyro Process and the balance of $5 millions is claimed as damages.

At the same time there has been filed an affidavit for a writ of garnishment before judgment against Pure Oil Co., American Car and Foundry Co., Pullman Co., Pullman Inc., and 64 railroads to tie up any property, money credits or assets belonging to American Locomotive which may be in their possession.

Litigation has been carried on by Chemical Research and Gyro Process Co. for many months, and last June a $5 millions suit was filed against American Locomotive Co., charging breach of contract.

Pulp and Paper Industry

Sulphite Pulp Exports Gain

Show Wide Gain in July Over Last Year

From Our Own Correspondent

MONTREAL.—Exports of sulphite pulp in July increased sharply over the same month last year, the Dominion Bureau of Statistics reveals. Volume of unbleached sulphite was up 230% to 640,009 cwt., while shipments gained in value by 450% to $1.8 millions. This larger percentage increase is due to the advance in prices that went into effect on July 1.

The same upward trend was in evidence in shipments of bleached sulphite. Volume was up 60% to 725,868 cwt. Value of shipments increased 115% to $$2.7 millions.

Sulphate kraft showed wide gains over July, 1939.

Mechanically prepared wood pulp shipped more than double the figure for the preceding July to $441,427 cwt. Value rose to $727,338 from $248,229.

Pulp Wood Down

Exports of pulp wood showed the only downward movement. Shipments for the month declined 18,882 cwt. to 227,517 cwt. from July last year. Value dropped $129,243 to $2.1 millions.

In the seven months period to July 31 unbleached sulphite also showed the greatest percentage increase in value over the corresponding period in 1939.

Following are comparative figures for the seven months period to July 31:

Exports for Seven Months

	1940 $	1939 $	Change %
Sulphate	4,795,293	3,215,114	+ 49.1
Sulphite (bleach.)	16,981,938	8,349,724	+103.4
Sulphite (unbleach.)	7,060,873	1,818,494	+288.3
Mech. pulp	3,337,553	1,635,420	+104.1
Other	430,001	175,735	+145.7
Screenings	56,415	39,720	+ 42.0
Total	32,862,073	15,234,207	+114.3
Woodpulp	5,808,404	5,516,427	+ 5.3
Total	38,470,477	20,750,634	+ 85.4

Paper Research Work Extended

Agreement Renewed for Continuation of Pulp and Paper Institute at McGill

From Our Own Correspondent

MONTREAL. — Agreement between the Dominion Government, McGill University and the Canadian Pulp and Paper Association for the operation of the Pulp and Paper Research Institute has been extended for five years.

Research activities will be intensified by the Institute. Work for war and postwar purposes will be speeded up.

The organization was established by the Association in 1927 to conduct research and development work for the improvement of the Canadian pulp and paper industry's position in world competition.

Committee

According to the new agreement the work of the Institute will be co-ordinated into one comprehensive plan of research and development. General administration will be vested in a joint administrative committee of which R. L. Weldon, president of Bathurst Power and Paper, is the chairman.

Dr. C. Maas, head of McGill's chemistry department, was appointed director of the Institute. Dr. Maas was recently made a Fellow of the Royal Society. Dr. W. B. Campbell will assist in the work as director of technical research.

Export Gain In Newsprint

July Shipments in This Hemisphere Offset U. K. Decline

From Our Own Correspondent

MONTREAL.—Exports of Canadian newsprint in July increased to 318,841 short tons from 200,173 in July of the previous year, according to the Dominion Bureau of Statistics.

In the seven months to July 31 exports amounted to 1.8 million short tons, an increase of 408,692 tons over the corresponding period last year.

The declining consumption of newsprint in the United Kingdom is shown in the month of July when exports amounted to 11,795 tons, against 31,977 tons in the same month last year.

Exports to markets in this hemisphere showed wide increases. Figures for the United States for the month amounted to 262,028 tons, compared with 154,054 in June, 1939. Australia took 16,454 tons, compared with 4,653 last year.

Newsprint Exports

	July 1940 (in short tons)	July 1939
U. K.	11,795	31,977
Australia	16,454	4,653
N. Z.	1,043	820
India, Burma	1,301	...
S. Africa	2,693	2,630
Argentina	7,701	2,389
Brazil	3,707	149
Chile	1,904	...
Peru	120	...
Uruguay	1,873	...
Mexico	1,758	...
Cuba	1,588	721
Others overseas	4,876	2,280
Total overseas	56,813	46,119
U. S. A.	262,028	154,054
Total	318,841	200,173
Seven Months to July 31		
U. K.	56,898	119,897
Australia	115,257	87,795
N. Z.	17,698	13,385
India, Burma, etc.	9,896	23
S. Africa	24,110	16,688
Argentina	55,188	5,882
Brazil	17,682	149
Chile	5,754	...
Peru	5,201	...
Uruguay	4,840	...
Mexico	13,603	29
Cuba	7,424	5,315
Other overseas	37,691	13,801
Total overseas	371,222	262,893
U. S. A.	1,452,762	1,152,399
Total	1,823,984	1,415,292

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Hiram Walker

What has been the trend of earnings for Hiram Walker-Gooderham & Worts since the outbreak of war? Has the company been able to cover dividend payments?

Hiram Walker-Gooderham & Worts has reported for nine months of operations since Sept. 1 last. For this period the company has earned $5.38 a share which compares with $5.37 a share on the common for the corresponding period a year earlier. Quarterly earnings have been as follows: Three months ended Nov. 30, 1939, $2.08 (1938, $2.32); three months ended Feb. 29, 1940, $1.59 (1939, $1.69); three months ended May 31, 1940, $1.71 (1939, $1.36).

On the basis of reports of high sales volume for the current period, it is quite likely that the full year will at least equal last year's $6.58 a share. The company pays regular annual dividends of $4 a share. It can be seen from the record of earnings above that this dividend has been earned in each quarter of the current year which covers the war period.

Abitibi Bonds

How can the decision of a small group, referred to by D. H. Gibson, in a letter to The Financial Post, be disastrous—as Mr. Gibson claims—to bondholders of Abitibi who have not deposited their bonds?

Mr. D. H. Gibson, in the letter which he wrote to The Financial Post, was speaking as chairman of the Preferred Shareholders' Protective Committee of Abitibi, a group which has championed the interests of shareholders and opposed bondholders' plans from the first.

The Bondholders' Protective Committee has set Sept. 14 as the last date on which holders of Abitibi bonds can deposit their securities with this committee. Of course, it is possible some extension may be made, but at the moment that is the date set. Depositing bondholders would share in the scheme of the Committee and would, if they were successful in purchasing the properties at the sale, become joint owners of the enterprise. Depositing bondholders would receive certificates of beneficial interest representing 40 shares of common stock of the new company for each $1,000 of bonds deposited. If all bonds were deposited, the entire share capitalization of the company would be held by bondholders.

Bondholders who do not deposit their bonds would be entitled to a proportionate share of the cash amount to be paid for the properties. What this would amount to cannot be foretold until it is known what the sale price will be. In the first case, bondholders would have a continuing interest in the company, while in the second, they would wind up their connection with Abitibi affairs.

Oil Companies

I hold heavy investments in some of the oil companies, B. A. Oil, Imperial Oil and International Petroleum, a lot of gold stocks, as well as others. All of my securities are quoted below my cost and a number are not paying dividends. My earning power is small and I am dependent on my investments. I have borrowed money from the banks to cover losses, which have been substantial, and deposited my life insurance as collateral. Now I am being advised to sell some of my holdings, particularly the industrial oil stocks, at prices far below what I paid for them and to purchase stock in Loblaw Groceterias, Inc. Do you think this would be a safe switch, or can you suggest others that might be suitable or should I leave my portfolio as it is? I desire stocks the principal of which is safe and dividends are regular, even if yield is low.

The first thing that strikes us from your letter is that your investment policy should be directed toward liquidating the bank loans. Greater emphasis should be placed on maintaining your principal rather than attempting to show market appreciation.

The position of the major oil companies in Canada to date apparently has not been injured by the war. Increased sales volume has been reported in line with the quicker pace of Canadian industrial activity. The chief cloud on the sky so far as they are concerned appears to be a possibility that the Government may find it necessary, for the purpose of saving our supply of U.S. exchange, to take some measures to restrict the use of petroleum products by private consumers. We have no real advice that this will be done, but fear of it is probably a factor in making the performance of the oil stocks less satisfactory than it might otherwise be.

It is no new condition for Imperial Oil and International Petroleum to pay out more in dividends than they have earned. This has been done for the past four or five years without materially weakening the companies' positions. Last year, partly because of foreign exchange control board rulings and partly because of opportunities to employ liquid assets more profitably other ways, dividends were reduced more nearly in line with current earnings. International Petroleum will not be affected by Canadian "excess" profits taxation, as it derives no revenue from business done in this country. Imperial Oil will probably not be unduly affected as its return on capital invested in recent years has been small in any case.

As for B. A. Oil, this concern has always been able to earn its dividend from Canadian revenue alone, leaving its income from U.S. sources to be held in the business.

Loblaw Groceterias, Inc., operates in the United States entirely. It formerly had a connection with the Canadian Loblaw company but this no longer exists. The company was reorganized a couple of years ago and heavy arrears of preferred dividends eliminated. Since then its progress has been good. The shares are not listed but are traded fairly regularly in Toronto.

Glancing over the list of securities which you give us, one thing that strikes us is that too few of them are dividend paying stocks. This is not the only standard method to judge the desirability of securities but in your case, particularly when you have borrowed money on them as collateral, it is quite important. We would suggest that any changes you make should be more toward an attempt to purchase higher grade of securities, probably including some Dominion Government bonds.

Algoma Steel

Will you let me know if you regard Algoma Steel Corp. bonds as a satisfactory investment?

On the basis of earnings since the first mortgage bonds of Algoma Steel Corp. were issued in 1938, these securities appear quite well secured. In the year ended April 30, 1940, the company earned interest on the bonds 8.68 times after depreciation. Net profits in that year set a record for the company and were more than three times those of the preceding year.

The company has serial maturities on its bond issues of $200,000 annually. Presumably you would be interested in the 5% bonds due 1940. A feature of this issue is that it is convertible to and including Nov. 1, 1943, into common stock. To April 30 last, $86,000 has been converted into common stock.

Speeding of industrial activity in Canada because of our war effort has undoubtedly meant a high rate of activity for Algoma Steel, something which will probably continue for the duration of the war. The company has made considerable progress in adding new lines to its production which has served the purpose of lessening its dependence on a few lines of steel products.

Investing in Canada

As a resident of the United States, I have been advised there is danger of the Canadian Government taking action to prevent the payment of interest and dividends by Canadian companies to United States investors. I also have been told Canada may default on a heavy bond issue maturing in Sept. Can you advise me whether this information is true and what is likely to happen to interest and dividends on my Canadian investments in the future?

Rumors originating in the United States that the Canadian Government will be taking action to prevent the payment of interest and dividends by Canadian companies to United States investors seem to have little basis on fact.

While it is not possible for us to say what action the Canadian Government may take in the future, it is logical from the record of such governments in the past to assume that extreme conditions must exist before anything would be done to jeopardize the credit of the Dominion and particularly in the United States.

You will realize, of course, that tremendous investments are held in Canada by United States residents and this has contributed substantially to the development of this country. In view of this, every effort will be made to keep the flow of such funds coming into this country. There are still vast portions of the country open for development and Canada will be anxious, after this war is over, to see that the inward flow of foreign capital continues. It will naturally guard against jeopardizing this source of investment, even during the stress of war.

It is true the question of obtaining sufficient United States funds to finance the current heavy Canadian expenditures on war supplies in the United States is causing some concern to the Dominion Government. The tourist trade from the United States, which was expected to provide a much bigger source of U.S. funds than in previous years, has not lived up to expectations, to further aggravate the situation.

As for the Dominion of Canada bond issue maturing in September, you may have read already in The Financial Post that arrangements have been made to meet this maturity in full. Any suggestion the Dominion may default on any maturities has no basis whatsoever on fact.

Great Lakes Paper

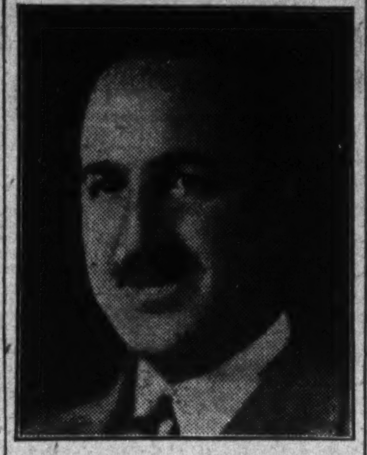
I am contemplating the purchase of 5% bonds of Great Lakes Paper Co. and would like any information you can give me.

Great Lakes Paper Co. has $6 millions in 5% first mortgage bonds outstanding. Since these bonds were issued, following the reorganization of 1936, the company has always been able to earn interest requirements by a fair margin. In 1937, however, bondholders permitted the postponement of interest payments for a period, largely to permit building up adequate working capital. The deferred interest payments have since been paid in full.

Indications are the company will have record earnings in 1940 corresponding to the higher rate of operations for the newsprint industry as a whole. The company is now paying dividends on its preference shares.

Its bonds could not be ranked among the highest grade of corporation securities. The company has been the subject of considerable controversy over its particular type of contract with customers and because of its non-compliance with pro-rating regulations followed by most of the newsprint industry in Ontario and Quebec.

Recognizing these factors it is quite probable the company will be able to continue to pay interest without any particular difficulty on these bonds, at least so long as the United States continues to take Canadian newsprint on anything like the scale which now prevails.



PRESIDING

Presiding over the 38th annual meeting of The Dominion Association of Chartered Accountants held at Mount Royal Hotel, Montreal, Sept. 3 to 5, is President Kenneth W. Dalglish, C.A., of Montreal.

Power Output Sets Record

July Production of Central Electric Stations at New Peak

From Our Own Correspondent

MONTREAL.—Output of central electric stations during July was the highest on record, and gain of 18.5% over the same month last year was the widest percentage advance of the year.

Output during the month amounted to 2,615.2 million kw.h., compared with 2,578.9 million kw.h. in June, and 2,205.8 million kw.h. in the same month last year. The index number, adjusted for uneven number of days in the months and other seasonal factors rose to a new high of 279.28, against 274.24 in June, and 235.56 the same month last year.

Exports to the U. S. totalled 203.1 million kw.h., against 190.7 million kw.h. in June, and 163 million kw.h. in July, 1939. Exports for the month were the highest daily average exported to date.

Exports Higher

Deliveries of secondary power to electric boilers amounted to 519.6 million kw.h., against 527.4 million kw.h. in June, and 455.7 million kw.h. in July, 1939.

Consumption of firm power delivered was 1,892.6 million kw.h., compared with a peak in May of 1,941.6 million kw.h. After adjustment for seasonal variations the index number rose to a new high point of 253.88.

Following are comparative monthly figures for the two preceding years and the seven months of the current year:

(Kw.h. in 000's)	1940	1939	% Chge.
July	2,615,232	2,205,844	+18.5
June	2,578,883	2,245,329	+14.8
May	2,671,567	2,333,433	+14.1
April	2,398,722	2,197,379	+ 9.1
March	2,426,157	2,366,740	+ 2.5
Feb.	2,367,031	2,214,175	+ 6.9
Jan.	2,526,143	2,386,979	+ 5.9
7 months	17,583,735	15,949,878	+10.2

	1939	1938	% Chge.
Dec.	2,536,242	2,353,196	+ 7.6
Nov.	2,606,821	2,375,661	+ 9.9
Oct.	2,589,956	2,333,461	+10.9
Sept.	2,380,651	2,292,223	+ 3.8
Aug.	2,291,425	2,075,901	+10.4
July	2,205,189	1,987,774	+12.9
June	2,245,329	1,973,155	+13.8
May	2,333,235	2,081,935	+12.0
April	2,197,379	2,063,801	+ 6.8
March	2,366,740	2,258,197	+ 4.8
Feb.	2,214,174	2,057,598	+ 7.6
Jan.	2,386,979	2,281,299	+ 4.6
Total	28,350,943	26,012,805	+ 8.9

President Options Stock Of Mercury Mills

R. H. Hommel, president and general manager of Mercury Mills, Ltd., has been granted an option on 15,000 shares of capital stock.

All shares taken up before March 18, 1943, will bring $8 per share. Shares taken up thereafter and prior to March 18, 1944, cost $9. Shares taken up thereafter and prior to March 18, 1945, cost $10.

Gooderham's Big Holding Was in Own Company

The estate of the late Norman Ross Gooderham, Toronto, president and sole owner of British American Motors Ltd., was valued at $364,424. About two thirds of it was in stocks and shares, and more than half of this included securities in his own company, according to records filed with the Surrogate Court, Toronto.

Investments included insurance and annuities and bonds and debentures. Stocks and bonds were spread around in mining, industrial, mortgage and insurance companies, banks, investment trusts and clubs.

The list of holdings follows:

Investments of Estate

	$
Real estate	18,000
Land mtges. & agreements for sale	29,028
Insurance & annuities	33,954
Cash on hand & money on deposit at Bank of Toronto	8,206
Bonds and debentures	17,295
Stocks and shares	239,727
Other assets*	18,214
Total	364,424

*Including 10.7% interest in York Mills Farm Syndicate valued at $7,068.

Stocks and Shares

No.		Market Value $
500	Albany River Mines	35
1,000	Arrow Head Mines	....
50	Alberta Pacific Grain, pf.	1,300
50	Alberta Pacific Grain, c.	50
1,500	British American Motors, $100 par	106,500
2,000	British American Motors, no par	30,500
37	Bank of Toronto	8,325
200	Candn. Investors Corp.	900
1	Carlton Club of Toronto	7
250	Can. Canners, 1st pfd.	4,625
500	Can. Canners, 2nd pfd.	4,250
2,000	Central Manitoba Mines	60
72	Consumers' Gas Co.	11,232
57	Can. Permanent Mtge.	7,410
21	Can. Dredge & Dock	320
12	Dom. of Canada Gen. Ins.	1,380
33	Dom. & Anglo Investment Corp., $100 par	1,815
22	Dom. & Anglo Investment Corp., no par	572
68⅔	Elec. Bond & Share Corp.	312
400	Gen. Electric Co.	11,867
400	Imperial Oil	4,050
800	Inter. Petroleum	11,900
300	Inter. Nickel	8,850
200	Loblaw Groceterias, A	4,200
25	Maple Leaf Gardens, pfd.	137
5	Maple Leaf Gardens, com.	40
1,000	Murphy Mines	10
458	J. M. Consolidated Mines	2
100	MacKenzie River Oil	....
30	Oakville Yacht Bldg. Co.	....
110	National Biscuit Co.	2,117
100	Prairie Cities Oil Co.	....
20	Quinte Breweries Ltd.	....
88	Radio Corp. of America	317
50	Tip Top Tailors	5,250
300	Hiram Walker	9,075
100	H. R. Gerrie Tobacco Co., pfd.	....
1 2/5	Lake Shore Country Club	....
50	H. R. Gerrie Tobacco Co. com.	....
1	Rice Bay Shooting & Fishing Club	....
100	St. Lawrence Corp.	250
75	St. Lawrence Paper Mills	2,062
1	Wood Meen Ltd.	5
1,000	Horseshoe Mines	....
1 Unit	Garvey Stewart Prospectors	....
	Total	239,727

Bonds and Debentures

Par Value $		Market Value $
400	Carlton Club of Toronto	261
10,000	McColl-Frontenac Oil	9,878
5,000	Power Corp. of Canada	5,105
4,000	Wood Meen Ltd.	2,051
	Total	17,295

Insurance and Annuities

	$
Manufacturers Life Ins. Co.	12,354
Commercial Union Assur. Co.	16,600
Metropolitan Life Ins. Co.	5,000
Total	33,954

Municipal Finances

Saskatoon reports financial results for the first seven months of 1940 as considerably improved over the comparable period of 1939. Relief has cost $80,000 less than in the first seven months of 1939. Profit of the electric light department of $222,000 to July 31 is up $28,000 from the 1939 period, and indications are the 1940 surplus will be about $350,000—an all-time high.

The street railway's deficit of $16,000 is down $10,000 from the 1939 period while tax collections are $50,000 ahead of last year. The Saskatoon Exhibition had a good year and is believed to have shown a profit of nearly $10,000.

* * *

Trail, B.C., reports tax collections totalled 78.35% of the current levy prior to the 5% penalty period.

* * *

Calgary tax collections for the first seven months of the year totalled $2.6 millions, or 68.97% of levy, compared with $2.6 millions or 65.49% of levy in the same period of 1939. Collections on arrears in the same period totalled $345,501, down about $42,000 from the 1939 period. This year's arrears equalled 42.51% of total arrears, compared with 40.29% in 1939.

* * *

Current tax collections of Canadian municipalities continued to improve in the larger cities and suburban areas in Canada in 1939. Fifty-seven out of 67 municipalities, for which the Citizens' Research Institute of Canada had comparable information, collected a higher percentage of their current levy in 1939 than in 1938.

FOR. INVEST. CORP.

From Our Own Correspondent

MONTREAL.—Canadian Foreign Investment Corp. has advised the Montreal Stock Exchange that a further 190 shares of the 8% cumulative $100 par value preferred stock have been redeemed and cancelled. On August 16, 9,252 preferred shares remained outstanding.

Directors of War—VIII

Drafting men of special abilities from Canadian industry, financial institutions and the Dominion civil service, there has been created a vast machine for prosecuting Canada's war effort.

To familiarize businessmen with the personnel and various functions of Canada's special war organizations, The Post is publishing a complete roster of these bodies, of which the following is the eighth installment.

Previous installments of Directors of War have covered the general organization of the Government and its departments for war purposes, the Departments of Munitions and Supply, and the units under the Department of Labor—Wartime Prices and Trade Board, Labor Supply Council, the special groups handling matters of agricultural marketing and supply, and the Foreign Exchange Control Board.

This week the roster lists officers of various vital wartime groups.

Secretary of State

(P. J. A. Cardin)

Department of National War Services*

(*May be transferred shortly to National War Services Department under Hon. J. G. Gardiner).

Voluntary Service Registration Bureau

Purpose of this bureau is to register and organize all voluntary services offered and to see that the best use is made of them.

PERSONNEL OF THE BOARD

Chairman: E. H. Coleman, Undersecretary of State.

Vice-Chairman: Major J. F. Cummins, Department of National Defense.

Members

Major M. F. Gregg, Sergeant at Arms, House of Commons.

Miss E. Saunders, secretary, Civil Service Commission.

Special Sections

Director, Technical Section: H. M. Tory, retired, former president of the National Research Council.

Joint Secretaries: Major G. W. Ross, deputy assistant director, army postal services, C.A.S.F.

J. F. Delaute, Department of Secretary of State.

Office of Director of Public Information

Director: G. Herbert Lash, formerly of C.N.R. publicity department.

Assistant: Claud Melancon.

Photography Editor: Bruce West.

Writer: George Hambleton.

French Writers: Guy Jasmin, Placide Labelle.

Secretary: J. P. McCaffrey.

War Charities Act Administrator

Any organization wishing to engage in wartime charitable work must make application to the Administrator under the Secretary of State. The following are the provisions to which the organization must subscribe.

It must be administered by a committee of not less than three persons, to be approved by the Secretary of State.

Minutes of all meetings must be kept.

Proper financial accounts must be kept.

All funds received must be paid into a separate account at banks specified.

The accounts of the organization must be open to any person authorized by the department at any time.

Administrator: W. Gordon Gunn, solicitor, companies branch, Department of Secretary of State.

Censorship Co-ordination Committee

This committee maintains contact with the Department of National Defense, Postmaster-General, Secretary of State, and Department of Transport. Duties are to watch and censor press reports, mail, radio broadcasts, telegrams and cables, and other forms of communication, to prevent information of value reaching the enemy and to prevent circulation of matter in Canada that might impede the war effort.

Chairman: Colonel Maurice A. Pope, Department of National Defense.

Ex-Officio Members

Hon. W. P. Mulock, Postmaster-General.

John A. Sullivan, Deputy Postmaster-General.

Active Censors

Wilfrid Eggleston, joint press censor for Canada.

Fulgence Charpentier, joint press censor for Canada.

F. E. Joliffe, chief postal censor.

Lieut.-Com. C. P. Edwards, chief of radio censorship (commercial).

Lieut.-Col. R. P. Landry, radio broadcasting censor.

Lieut.-Col. W. W. Murray, chief cable censor.

Department of Trade and Commerce

(Hon. J. A. MacKinnon, Minister)

Canadian Shipping Board

Duties of the shipping board are to facilitate movement of goods to the war area, and to provide ships so that produce and manufactured goods may be shipped.

Members form a central body with authority to correspond directly with the Ministry of Shipping in London in all commercial matters relating to ocean ships and shipping.

The Transport Controller (see below) has special duties to facilitate and co-ordinate ocean shipping and inland transportation and to prevent overcrowding and blocking of Canadian ocean terminals.

Chairman: J. G. Parmelee, Deputy Minister of Trade and Commerce.

Members

Capt. J. W. Kerr, marine services, Department of Transport.

A. W. Merriam, chief, export license branch, Department of National Revenue.

Dr. H. L. Keenleyside, first secretary, Department of External Affairs.

F. E. Bawden, director of trade routes and steamship subsidies, Department of Trade and Commerce.

Commander J. A. Heenan, Department of National Defense.

Director of Shipping: A. L. W. MacCallum, chief executive officer to the board.

Secretary: Bruce A. Macdonald, commercial intelligence service, Department of Trade and Commerce.

Representatives in Great Britain

Hume Wrong, Dept. of External Affairs, Canada House, London.

Frederic Hudd, chief Canadian Government Trade Commissioner in the United Kingdom.

Department of Transport

Transport Controller

Duties of the controller include enforcement of regulations providing for priority of movement by land and water of troops, naval forces, munitions and war supplies, to guard against unnecessary tie-ups and to provide facilities whereby priority in movement of essential commodities can be arranged.

Transport Controller: T. C. Lockwood, freight traffic manager of Cunard - White Star Line, Ltd., Montreal.

Inventions Board

Chairman: C. J. Mackenzie, acting president, National Research Council.

Members

Lieut.-Col. K. S. Maclachlan, acting Deputy Minister, Dept. of National Defense for Naval Affairs.

Colonel H. DesRosiers, acting Deputy Minister, Dept. of National Defense.

Secretary: S. J. Cook, officer-in-charge, research plans and publications section, National Research Council.

Examining Committee: Dr. A. Cambron, Dr. R. Ruedy, and K. F. Tupper, National Research Council.

Consulting Panel

Dr. R. W. Boyle, Dr. R. Newton, J. H. Parkin, and Dr. E. W. R. Steacie, National Research Council.

Captain A. D. M. Curry and Commander J. W. R. Roy, Dept. of National Defense for Naval Affairs.

Lieut.-Col. G. P. Morrison, Capt. N. J. W. Smith, and Capt. H. D Wethey, Militia Branch, Department of National Defense.

Squadron Leaders C. R. Dunlap, R. E. McBurney, and H. S. Rees, Department of National Defense for Air.

J. R. Donald, Department of Munitions and Supply.

J. T. Mitchell, patent and copyright office, Secretary of State Department.

Director of Internment Operations

All enemy aliens who do not comply with the Defense of Canada regulations are interned as prisoners of war in internment camps situated at various centres throughout the country.

Director: Brigadier-General E. de B. Panet.

Assistant: Lieut.-Col. H. Stethem, Bank St. Chambers, Ottawa. He is also director of the Prisoners of War Information Bureau.

Custodian of Enemy Property

The Secretary of State has been appointed Custodian of Enemy Property and administers the regulations respecting trading with the enemy.

Custodian: Hon. P. J. A. Cardin, Secretary of State.

Deputy: E. H. Coleman, Undersecretary of State.

Assistant: A. H. Mathieu.

Counsel for the Custodian: G. W. McPherson.

Department of Justice

(Hon. Ernest Lapointe, Minister)

Registrar of Enemy Aliens

The Registrar General is appointed by and responsible to the Minister of Justice, who appoints the Registrars of Enemy Aliens who are under the immediate authority of the Registrar General. The Registrars, in most cases R.C.M.P. officers, examine each enemy alien for all particulars necessary for identification. Enemy aliens who are not properly registered or are considered likely to give assistance to the enemy are interned as prisoners of war.

Registrar General of Enemy Aliens: Commissioner S. T. Wood, R.C.M.P.

Enemy Alien Tribunal

Those not satisfied with the decision of the Government to intern them as enemy aliens may within 30 days of internment appeal to the appeal court created under the Enemy Alien Act, and known as the Enemy Alien Tribunal.

Chairman: Judge J. D. Hyndman.

Alternate: Justice H. A. Fortier.

NEW SYNDICATE FORMED

From Our Own Correspondent

WINNIPEG. — Riding Mountain Syndicate has been formed to prospect for strategic war materials, particularly manganese in the Riding Mountain and other areas of Manitoba. Chairman is D. Stanley McLeod with Walter M. Dowdell, vice-chairman.

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For Portfolio Selection and Analysis

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INVESTMENT LETTERS, INC.
Directed by CHARLES J. COLLINS
710 Union Guardian Bldg. Detroit, Michigan

THE WEEK'S QUOTATIONS

Toronto and Montreal Exchange

The following table is confined to official prices for listed stocks, including curb market quotations. Where no transaction is recorded, bid and asked prices are given. For unlisted stocks, quotations by unlisted dealers are published. The Financial Post cannot accept any responsibility for such quotations.

WEEK ENDING AUGUST 28

Range 1940 High	Low	Div R'te $	Aug24 Y'ld %		Sales	Last Aug. 19	Week end. Aug. 26 H	L	Cl'se
				A					
2.50	.50	*	...	Abitibi	4690	.75	.90	.60	.80
27½	3¼	*	...	Do. pref. 6%	3360	3¼	5½	3¼	5½
33	5¼	*	...	Do. pref. 7%	....	(— bid 15 asked)			
6	3	*	...	Acme Glove	....	(3 bid 5 asked)			
57	50	6.50	...	Do. pref.	....	(— bid 49 asked)			
12½	9	80+20c	10	Agnew Surp.	....	(10½ bid — asked)			
110	105	7	6.4	Do. pref.	....	105 bid 107 asked			
3.00	.75	*	...	Alta. Pac. Gr.	100	1.00	1.10	1.10	1.10
36	20	*	...	Do. pref.	....	(— bid 28½ asked)			
16½	7	*	...	Algoma Steel	357	8	9	8½	9
100	81	‡2.50	...	Do. pref.	....	(80 bid 85 asked)			
145	80	‡4.50	...	Aluminum	125	101	107½	103	105
122	100½	6	5.8	Do. pref.	....	(101 bid — asked)			
8½	5¼	*	...	Amal. Electric	....	(5 bid 5½ asked)			
43	34½	60c	1.7	Amer. Cyn. B.	....	(— bid — asked)			
49½	43½	2.75	6.3	Ang. Can. Tel p	....	(43½ bid 44 asked)			
26½	14½	60+80c	7.7	Asbestos	786	15	15½	15½	15½
19½	12½	1	6.7	Assoc. Brew.	25	15	17	17	17
112½	109	7	6.4	Do. pref.	....	(109 bid — asked)			
•2	2	*	...	Assoc. T. & T.A.	....	(— bid — asked)			
•34	26	48c	...	Do. pref.	....	(— bid 34 asked)			
103	100	5.50	5.3	Ault & Wiborg	....	(— bid — asked)			
				B					
164	138	8	5.7	Bk. Can. Nat.	....	133 bid 140 asked			
212	170	8	4.4	Bk. Montreal	99	181½	184	183	184
315	260	12	4.4	Bk. N. Scotia	27	275	275	269	275
268	200	10	4.7	Bk. Toronto	14	207	212	210	212
•5	4¼	*	...	Barcelona	....	(— bid — asked)			
6½	3	*	...	Barker's Bread	....	(1½ bid 3 asked)			
38	30	2.50	38.1	Do. pref.	....	(— bid 30 asked)			
15½	6½	150c	...	Bathurst Pr.	960	10½	11½	10½	11½
5	1¼	*	...	Do. (B)	50	2½	2½	2½	2½
1.75	.10	*	...	Bawlf Grain	....	(.10 bid .25 asked)			
45½	25	*	...	Do. pref.	165	38	40	39	39
8	3	*	...	Beath & Sons	....	(1½ bid 5 asked)			
5½	3	*	...	Beatty Bros.	....	(3½ bid 4 asked)			
102	90	6	6.4	Do. pref.	....	(93 bid 94 asked)			
90	88	7	7.8	Do. 2nd pref.	....	(— bid 88 asked)			
6½	2½	*	...	Beauharnois	316	5	5	4	5
97½	80	4	5	Belding Cort.	....	(— bid 100 asked)			
150	130	7	5.4	Do. pref.	....	(— bid 138 asked)			
169	130	8	5.4	Bell Telephone	706	145	150	144	150
13	9¼	60+15c	8	Biltmore Hats	25	9½	9¼	9¼	9¼
.91	5	*	...	Blue Ribbon	....	(5½ bid 8 asked)			
42	34	2.50	7.2	Do. pref.	5	34½	34½	34½	34½
20½	19	1.30	6.5	Brant. Cord. pf.	....	(20½ bid 21 asked)			
10½	3¼	*	...	Brazilian Tr.	1732	4½	5	4½	4½
5½	3	50+25c	...	Brew. & Distil.	20	4½	5	5	5
6½	6	30c	5	Bright. T. G.	....	(6½ bid — asked)			
90	89	6	6.7	Do. pref.	....	(90 bid — asked)			
22½	14½	1	6.1	Brit. Amer. Oil	3142	16½	17	16½	16½
19½	9	*	...	B. C. Packers	....	(10½ bid — asked)			
30	23	2	8.3	B. C. Power A.	350	24	25	23½	24
3½	1¼	*	...	Do. (B)	100	1½	2	2	2
7	4½	*	...	Bruck S. Mills	75	4½	4½	4½	4½
17½	12	70+10c	5.3	Building Prod.	585	13½	15	13	15
14	6½	60c	6.7	Burlington St'l	10	8½	9	9	9
				C					
70	70	*	...	Calgary Power	....	(— bid 75 asked)			
101½	90	6	6.3	Do. Pref.	1	94½	95	95	95
5½	1¼	*	...	Canada Bread	....	(2½ bid 3 asked)			
105	90	5	5.4	Do. pref.	5	93	93	93	93
58	41	2.50+27½cA	5½	Do. pf. B.	....	(90 bid 98 asked)			
6	3½	40c	10.5	Canada Bud	....	(3½ bid 4½ asked)			
8½	3	*	...	Canada Cement	460	4½	5	4½	4½
100	75	5	5.7	Do. pref.	10	87	87	87	87
106	102	5	4.9	Canada Cycle, p	....	101 bid 105 asked			
35	24	1.50+25c	7	C. & D. Sugar	2572	25½	25½	25½	25½
b22½	11½	50c	3.6	Canada Dry	8	14	14½	13½	13½
23	11	‡75c	...	Can. Forg. (A)	....	(13 bid 17 asked)			

Range 1940 High	Low	Div R'te $	Aug24 Y'ld %		Sales	Last Aug. 19	Week end. Aug. 26 H	L	Cl'se
.20	.05	*	...	For. Pr. Secs.	....	(— bid — asked)			
15½	6	*	...	Foundation Co.	120	9½	10½	9½	10½
20	6	*	...	Fraser Cos.	100	9	9½	9	9½
21½	7½	*	...	Do. Vot. Tr.	617	10	11½	10	11½
.50	.50	*	...	Freiman	....	(— bid 1.00 asked)			
38	25	*	...	Do. pref.	....	(32 bid — asked)			
16½	9	80c	7.6	Gatineau Pwr.	320	11	11½	10½	10½
97	79	5	5.7	Do. pref.	60	85	88	85	88
105½	90	5.50	6.1	Do. 5½% pref.	....	(89 bid — asked)			
6	1½	*	...	Do. Rights	....	(1 bid 2 asked)			
10½	4½	*	...	Gen. St. Wares	465	5½	5½	5½	5½
96½	77	7+57ca	...	Do. pref.	....	(88 bid 90 asked)			
87	58	2.50+2.50	7	Goodyear T.	70	69	68½	68	68
57½	51	2.50	4.6	Do. pref.	20	54	54	54	54
•50	50	‡2	...	Gould Pumps	....	(— bid — asked)			
8	7½	*	...	Gt. Lakes Pap.	....	(2½ bid 4 asked)			
29	25	‡75c	...	Do. pref.	....	(— bid 27 asked)			
8	2½	*	...	Do. Vot. tr. c.	120	3	3	3	3
27½	13	‡75c	...	Do. Vot. tr. p	60	16	16	16	16
3½	1½	*	...	Gt. W. Saddlery	....	(1½ bid 2½ asked)			
35	24	‡2.25	...	Do. pref.	....	(— bid 35 asked)			
14½	11	60c	5.4	Greening Wire	....	(— bid 12 asked)			
1.25	1.25	10c	...	Growers' Wine	....	(1.25 bid — asked)			
10½	4	‡30c	...	Gurd, Chas.	....	(4 bid 4½ asked)			
107½	106½	7	6.5	Do. pref.	....	(— bid 108 asked)			
5½	2½	*	...	Gypsum, Lime	250	3	3½	3	3½
				H, I					
21½	21½	1	4.7	Halifax Fire	....	(— bid — asked)			
8½	2½	*	...	Ham. Bridge	885	3½	4½	3½	4½
38½	34	2+25ca	6	Ham. Cot., pf.	....	(— bid 35 asked)			
2.50	.50	*	...	Ham. U. Theat.	....	(— bid 1½ asked)			
75	60	‡4.25	...	Do. pref.	....	(— bid 70 asked)			
41	21	20c+10c	...	Harding Carpet	....	(3½ bid 3½ asked)			
.35	.35	*	...	Hillcrest Coll.	....	(— bid 1.00 asked)			
4	2	*	...	Do. pref.	....	(2½ bid — asked)			
16	7½	50c	5.6	Hinde & Dauch	....	(9 bid — asked)			
•20	20	*	...	Holt Renfrew	....	(— bid 20 asked)			
40	20	*	...	Do. pref.	....	(20 bid — asked)			
25	17½	50c	...	Honey Dew	....	(— bid 21½ asked)			
23½	11½	*	...	H. Smith Pap.	200	15	15	14½	15
108	85	6	6.1	Do. pref.	100	98	98	98	98
17	11	1	8.3	Humberstone S.	....	(12 bid 15 asked)			
11	5	*	...	Hunts (A)	....	(5 bid 8½ asked)			
10½	5	*	...	Do. (B)	....	(5 bid 6 asked)			
74½	54	4	6.9	Huron & E. Mt.	20	57	58	56	58
12	10	80c	...	Do. 20% pd.	....	(— bid 10½ asked)			
2½	2½	20c	8	Hydro Electric	....	(2½ bid — asked)			
220	150	10	5.3	Imperial Bank	18	186	186	184	185
15½	8½	50+25c	7.3	Imperial Oil	7005	9½	10½	9½	10½
16½	12	40+22½c	5	Imperial Tob.	700	12½	13½	12½	13½
8	6½	30c	4.6	Do. pref.	....	(6½ bid 7½ asked)			
29	18½	2	10.8	Indust. Accept.	75	18½	18½	18½	18½
36	30	3	...	Inter-City Bak.	10	33	30	30	30
51	50	5	10	Inter'c Coal	....	(40 bid — asked)			
120	120	8	6.7	Do. pref.	....	(— bid — asked)			
23	14	1.50	10.4	Inter. Bronze	50	14	14½	14½	14½
28½	19½	1.50	6.8	Do. pref.	....	(22 bid 25 asked)			
.30	.20	3c	...	Int. Coal & C.	....	(.25 bid — asked)			
15½	5	*	...	Int. Metal Ind.	....	(6 bid 7½ asked)			
114	90	6+6a	6.3	Do. pref.	....	(95 bid 99 asked)			
113½	85	6+6a	6.5	Do. pref. A.	5	90	92	92	92
115	111½	5	4.4	Int. Mill., pf.	1	114½	114½	114½	114½
47	27½	2	5.4	Int. Nickel	3060	33	37	33	36½
3½	1	*	...	Int. Paints	....	(1½ bid — asked)			
18	11	1+25ca	...	Do. pref.	....	(11 bid — asked)			
23½	12	*	...	Int. Pap. & P.	....	(— bid — asked)			
80	47	5	...	Do. pref.	....	(— bid — asked)			
24	12½	1.50	10	Int. Pete	4135	14½	15	13½	14½
6	2	*	...	Int. Power	....	(2½ bid — asked)			
96	69	6	8.6	Do. pref.	15	70	70	70	70
•11½	10½	*	...	Int. St. Rlty. A.	....	(— bid — asked)			
•4	3½	*	...	Do. (B)	....	(— bid — asked)			
11½	7	*	...	Int. Util. (A)	....	(5 bid — asked)			
.65	.15	*	...	Do. (B)	100	.15	.20	.20	.20

Government Bonds

(Supplied by Investment Dealers' Assoc. of Canada)

Dominion of Canada Bonds Aug. 28, 1940

%	Due	Bid	Ask.	Approx. Yld.
4½	Sept. '40	100	100¼	...
1	Mar. '41	99½	100¼	.40
5	Nov. '41	104½	104¾	1.10
1½	May '42	100	100¼	1.21
2	June '42	100¾	101¼	1.24
3	Oct. '42	102¾	103¼	1.42
2½	June '43	101½	102¼	1.55
5	Oct. '43	108¾	109¼	1.86
2	June '44	100	100¼	1.80
a2½	Jan. '44	87½	90¾	5.50
4½	Oct. '44	108½	109¼	2.17
2½	Nov. '44	101¼	102½	1.89
a2½	Aug. '45	85¾	87¾	5.50
4	Oct. '45	105½	106½	b1.95
4½	Feb. '46	109¼	110¼	2.50
3½	June '49	101¾	102¼	b2.78
3½	Oct. '49	102¾	103	b2.74
3½	Nov. '51	100	100¾	b3.15
3½	Feb. '52	100	100¾	b3.14
a5	May '52	97	98¼‡	5.14
4	Oct. '52	104½	105¼	b3.18
3	June '55	97½	98¼	3.15
4½	Nov. '56	107	107¾	b3.11
4½	Nov. '57	107½	108¼	b3.30
3	June '58	96½	97½	3.18
4½	Nov. '58	108½	109	b3.25
4½	Nov. '59	109½	110	b3.24
a4	Oct. '60	87	89½	4.85
a3½	Jan. '61	79½	81½‡	4.64
3½	June '66	98½	99½	3.28
a2e	Jan. '67	78	78½	4.42
a3e	Nov. '68	78	79½	4.26
†3	Perpet'l.	88½	89½	3.35
	Dominion Guarant'd Bonds Can. Nat'l. Railways:			
2	Feb. '43	100¾	101¼	1.49
2½	Jan. '46	99½	100	2.25
3	May '44	103	103¾	1.95
3	Dec. '50	97½	98¼	3.17
3	Feb. '53	96½	97½	3.25
3	Jan. '59	95½	96	3.29
*4½	Sept. '51	112	113	3.10
*4½	Feb. '56	112½	113½	3.37

%	Due	Bid	Ask.	Approx. Yld.
4½	July '57	113½	113¾	3.42
*4½	June '55	114¾	115½	3.42
5	Feb. '54	115½	116½	b2.68
*5	July '69	112	113	b3.30
*5	Oct. '69	116	117	b3.30
*5	Feb. '70	115½	116½	b3.39
	Grand Trunk Pacific Rly.:			
3	Jan. '62	96½	97½	3.19
	Provincial Gov't. Bonds			
	New Brunswick:			
3	Oct. '51	82	84	4.83
3½	Aug. '49	85	88	4.91
3½	June '56	83½	85½	4.81
*4	Nov. '47	93½	95½	4.74
*4	Apr. '61	95	97	4.80
5	Jan. '60	98	101	4.92
	Nova Scotia:			
3	Jan. '52	90½	92	3.87
3½	June '56	90½	92	3.93
3½	Nov. '50	96	97	3.85
c4½	Sept. '52	103½	105½	b3.61
c4½	Nov. '60	103½	105½	4.10
c5	Mar. '60	109	111	4.17
	Ontario:			
2½	May '45	99	100	2.50
3	Apr. '48	97½	98½	3.18
3	Nov. '50	96½	97½	3.25
3½	Nov. '51	98½	99½	3.30
3½	May '55	97½	98½	3.38
*4	June '62	103	104½	3.70
4½	June '50	108½	109½	3.35
*4½	Jan. '62	108½	110½	3.78
5	Oct. '48	110½	111½	3.35
*5	Dec. '60	118½	119	3.67
5½	July '46	110½	111½	3.30
	Ont. Hydro Commission:			
3	Aug. '48	97½	98½	3.25
3½	Feb. '53	98½	99½	3.32
3½	Apr. '47	100¾	101¼	3.25
	Prince Edward Island:			
3	Oct. '45	94½	96	3.87
	Quebec:			
3	Nov. '47	94	95	3.78
3½	Mar. '48	94½	95½	3.90

%	Due	Bid	Ask.	Approx. Yld.
3½	Mar. '54	91½	92½	3.97
3½	Mar. '59	91	92½	4.08
4	Mar. '52	98½	100¼	3.98
4½	Aug. '58	100	101½	4.13
4½	Jan. '63	102½	104	4.22
	Alberta:			
4	Dec. '54	52	56	d
4½	Oct. '51	50	..	d
c4½	Oct. '56	54	58	d
*5	Oct. '59	55	59	d
c5½	Apr. '52	61	65	d
6	Mar. '47	64	68	d
	British Columbia:			
c4	Dec. '57	93	97	4.33
*4½	Jan. '51	98½	102½	4.30
c4½	Oct. '53	98½	102½	4.35
c5	Apr. '54	101½	105½	4.60
5½	Feb. '45	100½	104½	4.37
6	Feb. '47	104	108	4.56
	Manitoba:			
c4	Dec. '57	85	89	4.98
c4½	Dec. '56	87½	91½	5.21
*5	Dec. '59	92	96	5.33
5½	Oct. '55	94	98	5.70
6	Apr. '47	98	102	5.84
	Saskatchewan:			
4	Sept. '54	70	74	6.98
4	Nov. '60	69	73	6.37
c4½	Oct. '51	82	86	6.33
c4½	Mar. '60	72½	76½	6.67
5	Aug. '58	76	80	6.97
5½	Oct. '52	82	86	7.27
6	Mar. '52	88½	89½	7.37

*—Payable Can., N.Y. and £. b—Calculated to call date giving lowest possible yield. c—Payable Can. & N.Y. a—Payable N.Y. †—Callable on or after Sept. 15, 1966. d—Traded flat. Interest being paid at 50% of coupon rate, minimum rate 3%. e—Callable at a premium. ‡—N.Y. funds.

Unlisted Stocks

(Furnished by A. J. Pattison Jr. & Co., Toronto)

August 27, 1940

Industrials:	Bid	Ask.
Acme Farm. D.	18	22
Andian National	28½	31
Anglo C. Tel., A	8	81
Atlas Steel	14½	..
Barrymore, pfd.	25	..
Blue T. Brew. B	3½	5
B. C. Pulp, c.	13	15
Do., pfd.	42½	52½
B. C. Sugar	76	79
Burns & Co., A	4½	5½
Do., B	3	3½
Can. G'drich, c.	1½	..
C. I. L., A c.	205	..
Can. Ing. Rand	69	74
Can. Tube, 1st p	68	75
Chase, A. W., p.	17	19
Claude Neon, p.	5½	7
Colonial Steam.	15	18
Cope. Flour un.	14	18
Dom. Manuf., p	61	65
Dunlop T. p. $25	22½	23½
Easy Wash. p. $10	7½	9
Goderich Elev.	7	8
Guard. Realty, p	16½	20
Guelph Carp., p	98	102
Do., com.	16	19
Gurney Fdry., p	1½	1½
Hayes Steel, c.	9	10½
Hi'land Dairy, p	46½	52½
Inglis, John, c.	4	7
Ingram & Bell	22	25
Kingston Sh. un	22	40
Loblaw Inc., c.	11½	13
Maritime Tel., c	13½	..
Morrison Br. un.	6½	8½

	Bid	Ask.
M'row Screw, p	98½	..
Do., com.	9	..
Neilson, Wm., c	9	..
Do., pfd.	100	..
N. B. Tel., c.	12½	14
N. Meth. Ldy., p	52	58
Office Spec., pf.	66	..
Paterson Wm. p	100	..
Prov. Paper, pfd	99	102
Rob'tson, P. L. p	96	..
Rob. Cons. Cone	7	..
Ruddy, E. L., p.	24	27
Seal O Sac (Can.)	1	2
Stand. Fuel, p.	51	56
Stedman pf. $50	55	58
Tor. Carpet, c.	31	35
Do., pfd.	60	63
Un. F. Co-op.	2	3
Un. Steel, A pf.	21½	23½
Viceroy p & rts	25	..
Trusts & Loan Stocks:		
Brit. Mtge.	125	..
Capital Trust	26	30
Com. Fin., c.	2½	3½
Grey & B. Tr $50	42½	46
Guaranty Trust	97	101
Guelph & C. $50	51	55
Lambton Loan	32	34½
London & West.	36	40
Sherbrooke Tr.	120	..
Sterling Trust	56	..
Traders Fin. A c	9½	12
Do., A pfd.	77½	82
Trusts & Guar.	24	26
Victoria Trust	71	80
Insurance Stocks:		
Brit. Amer.	52½	57

	Bid	Ask.
Canada Life	420	445
Confed. 30% pd	135	141
Crown fully pd.	241	260
Dominion Fire	132	..
D. of Can. Gen.	101	113
Empire 25% pd.	5½	7
Excelsior 36% pd	57½	62
Federal 25% pd.	51	55
Great-West Life	206	225
Imperial Life	285	297
Manufac. Life	225	245
Sov. L. 25% pd.	12½	14
Sun Life	300	350
Tor. General	51	57
Wellington Fire	58	..
Western Assce.	41½	44½
Do., pref.	41	42
Theatre Stocks:		
Allens, King., p	61	65½
Do., Lond., p.	54	59
Do. St. Cath p	53	55
Do., Tor., p.	31	35
Mansf. Theat., p	28	31
Para., Kitch., p.	51	56
Do., Oshawa c	9	11
Investment Trust Shares:		
Can. Investors	4½	5
Deb. & Sec., pf.	61	..
Sec's. Hold., pf.	18	22
United Corp., A	18	21
Do., B	42	46
Power Issues:		
Can. W. N. Gas	26	..
Do., pfd.	96½	99
Gt. Lakes Pr., p	98½	101
Mtl. Is. Pwr., p	20	24
Nor. Ont. Pr., p	59	63

Unlisted Mines

Toronto, Aug. 27, 1940

	Bid	Ask
Acordia	.25	.27
Addington	.01½	.02½
Albany R	.08	.10
Amal Kir	.05	.06
Anoki	.06½	.07½
Arjon	.01½	.03
Armistice	.01½	.02½
Argosy	.03½	.04½
Area	.03	.03½
Arno	..	.01½
Athona (Old)	.01	.02
(New)	.01½	.02½
Barb Lard	.01½	.02½
Brock	.14	.16
Bilmac	.00½	.01½
Buff Bear	.01	.02
Calder Bo	.01½	.03
Central M	.02	.03
Cheminis	.02	.02½
Coin Lake	.02	.03
Cons Chib	.02½	.03½
Crescent	.00½	.01½
Dayton	.01½	.02½
Demp Cad	.01	.01½
Desants n	.08½	.10½
Dona Pat	.02½	.03½

	Bid	Ask
E Lacoma	.00½	.01
Elmos	.05	.06
Franco	..	.28
Galore	.03½	.04½
Gate Pat	.00½	.01
Gilbec	.00½	.01
Gordon Lb	.01	.01½
Hiawatha	.05	.06
Hoyle nw	.16	.18
Hugh PaP	.02½	.03½
Hutch Lke	.01½	.02½
Jolliette	.01½	.02½
Keora	..	.01½
Kenricia	.02	.02½
Kewaga'a	..	.01½
Kiena	.07	.09
Kirk Gate	.01	.02
Lacoma	.00½	.01½
Lake Duf	.16½	.19
Lake Gen	.03	.07
Lw Pete	.15	.20
Magnet C	.68	.72
Magnet L	.13	.15
Magwell	.02	.04
Martin Br	.02½	.03½
Margaret	.02	.04
Mata Cana	.02	.04

	Bid	Ask
Mof Hl n	..	.02
Mooshla	.01½	.02½
Monarch	.01½	..
Mosher	.06	.07
Nat Mal	.27	.30
Negus	.45	.55
New Roy	..	.01
Nickel O	.70	.85
Norbeau	.13	.16
Norlake	.01	.02
North Am Moly'm	..	.17
Norwin	.04	.07
Oklend	.04½	.05½
O'Leary	.01½	.02
Opemiska	.01½	.03
Oriole	.01	.01½
Orpit	.01	.02
Ossian	.01	.02
Pacsack	..	.06
Pascalis	.27	.30
Phoenix	.02	.03
Pontiac R (Old)	.02	.04
Pelangio	.02	.02½
Polaris	.17	.22
Propri'y	1.60	..

	Bid	Ask
Presdor	.01½	.02½
Queb Man	.05½	.06½
Rahn Lke	.05½	.06½
Rand Mal	.07	.08
Red Lake	.01½	.01½
Sachigo	1.25	2.00
Senore	.07	.08
Shenango	.02	.03
Sheldon	.03½	.05
Siscoe Ex	.01½	.02½
Skynner	.02	.03½
Smelters G	.00½	.01
Spooner	.02½	.03½
Sunbeam	.04	.06
Springer	.03	.04
Stadacona	.06½	..
Thomson	.09	.11
Thomp Cd	.03	.04
Treaty P	..	.20
Union Min	.03½	.04
Wasu	.04	.06
West Red	.01½	.02½
Winoga cum rts	.03	.06
Woco	.03½	.06
Y David'n	.17	.19

Montreal, August 27, 1940

	Bid	Ask
Cad Exp	.02	.04
Chibmac	..	.02
C Pand'ra	..	.02
Gournor	.10	.12
Dubisson	.07	.10
L Rowan	.02	.03
Obalski	.03	.04
Pan Can	.01½	.04
Scott Ch	.01	.02
Westwd C	.01	.01½

Corporation Bonds

(Supplied by Investment Dealers' Association of Canada)

Aug. 27, 1940

Public Utility Issues:	Int. Rate %	Due	Bid Aug. 27	Asked	Bid Aug. 20
†Assoc. Tel. & T.	5½	'55	72	75	72
B. C. Power	4½	'60	97	100	95
B. C. Tel.	4½	'61	102½	105½	101
†Calgary Pwr.	5	'60	103½	106½	104
Do.	5	'64	101½	104½	101
†Can. Nor. Pwr.	5	'53	105	108	104½
*Dom. Gas & El.	6½	'45	96	..	96½
Gatineau Pwr.	5	'49	101½	104½	101
Do., B.	3½	'69	95½	98½	96½
Gt. Lakes Pwr.	4½	'56	96	99	95
*Int. Hydro-E.	6	'44	69	72	69
ᴬInter. Power	6	'55	100	...	100
Macl'n-Que. Pr.	4	'59	93	96	92
Mtl. L. H. & P.	3½	'56	97½	100½	97½
Do.	3½	'73	93½	96½	92½
†Mtl. Tramways	5	'41	88½	91½	88½
†Do.	5	'55	59	62	58
Nat. Lt. & Pwr.	6	'49	95	...	95
N. S. Lt. Pr.	4	'57	98½	101½	97½
Ottawa H. & P.	4	'57	98	...	98
Ottawa V. Pwr.	5	'59	101½	104½	101½
†Power Corp.	4½	'59	97½	100½	97½
Quebec Pwr.	4	'62	99	102	97
*Saguenay P. A.	4½	'66	103	...	103
ᴬDo., B.	4½	'66	101½	...	101½
Shaw. W. & P.	4	'61	99	102	98½
Union Gas	4½	'50	100	...	100
United Secs.	5½	'52	56	59	55½
Wpg. El., ser. A	4	'65	69½	72½	68½
Industrial and Realty Issues:					
†Abitibi P. & P.	5	'53	61	64	55½
Acadia Sugar	4½	'55	98	..	98
†Alta. Pa. Grain	6	'46	94½	..	94½
Atlantic Sugar	4½	'51	98	..	98
†B. C. P. & Pap.	6	'50	79½	82½	79½
*Brown Co.	5½	'46	44½	47½	41½
Burns & Co.	5	'58	61½	64½	59½
Canada Bread	6	'41	98½	101½	99
Canada Cement	4½	'51	101½	104½	101
Can. Paper	4½	'52	98	..	98
Can. Steamship	5	'57	93½	96½	93
Can. Canners	4	'51	99½	102½	99½
*Can. Int. Paper	6	'49	99	..	98½
C. P. R.	3½	'51	85½	88½	85
Do.	4	'49	89	92	89
Do.	4½	'44	94	97	93½
Do.	6	'42	102	105	102
†Consol. Paper	5½	'61	62½	65½	59½
Dom. Coal	4½	'52	99	102	99
Dom. Stl. & Co.	6½	'55	102	105	102
Dom. Tar	4½	'51	98½	..	98½
†Donnacona P.	4½	'56	78	81	76½
Famous Players	4½	'51	98½	101½	97½
†Federal Grain	6	'49	95	..	95
†Fraser Cos.	6	'50	94	..	94
Gen. Stl. Wares	4½	'52	96½	..	96½
*Great L. Paper	5	'55	88	91	87½
†Gypsum, Lime	5½	'48	88½	..	88½
Ham. By-Pr. C.	5	'55	99	102	99½
Inter.-City Bak.	5½	'48	100	..	100
*Inter. P., Nfld.	5½	'68	89	..	89
Lake St. J. P.	5½	'61	87	90	86
Maple Leaf M.	5	'58	66	69	65½
Massey-Harris	4½	'54	86	89	85½
McColl-Fron.	4½	'49	99½	..	99
McCormick's	4	'52	93	..	91½
*M. & O. Paper	6	'45	44½	47½	40½
Nat. Grocers	4	'47	100	103	100
N. S. Stl. & Co.	3½	'63	79½	..	79½
Price Bros.	5	'57	94	97	93½
*Prov. Paper	5½	'47	102	105	102
Reliance Grain	4½	'52	93½	96½	93
†Restigouche Co.	6	'48	94	..	93
Rolland Paper	4½	'51	101	..	101
Simpson's Ltd.	4½	'51	99	..	99
Smith, Howard	4½	'51	101	104	101
*United Gas	5½	'48	102	..	102
United Gr. Grs.	5	'48	93	..	93
†Western Grain	6	'49	40	40	38

*Payable in Canada, or U. S.
†Payable in Can., U. S., or U. K.
ᴬPayable in Can. or U. K.
°Payable in U. S. only.
‡Payable in Canada only.

Mining Dividends

	Rate	Close Aug. 26	Yield %
Beattie Gold	‡12c	1.00	..
Bralorne	80c+40c	9.50	*12.6
Broulan Porc.	3c	.51	..
Buffalo Ankerite	‡31c	3.25	..
Bulolo Gold	$3	13.50	22
Can. Malartic	‡8c	.42	..
Cariboo Gold	16c+6c	2.00	*11
Central Patricia	16c+7c	1.82	*12.6
Coniagas	‡25c	1.30	..
Coniaurum	16c	1.20	13.3
Cons. Smelters	$1+$1	36.25	*5.7
Delnite	‡3c	.80	..
Dome Mines	$2	21.00	9.5
East Malartic	‡20c	2.95	..
God's Lake	3½c	.32	..
Gold Belt	†2c	.26½	..
Gunnar Gold	‡3c	.35	..
Hallnor	60c	5.25	11.4
Hard Rock	‡9c	.75	..
Hedley Mascot	‡8c	.38	..
Hollinger	65c+45c	11.12	*9.9
Howey Gold	‡2c	.24	..
Hudson Bay	$1.75	34.00	5.5
Inter. Nickel, com.	$2	36.75	5.4
Island Mountain	‡8c	.74	..
Kerr Addison	5c	2.45	..
Kerr Lake	‡5c	.30	..
Kirkland Lake	10c+2c	.87	*13.8
Kootenay Belle	‡10c	.25	..
Lamaque Gold	40c+10c	5.00	*10
Lake Shore	$2	20.00	10
Leitch	8c	.48	16.7
Little Long Lac	30c	2.05	14.6
Macassa	32c	3.35	9.5
Madsen R. Lake	†3c	.35	..
McGillivray Coal	3c	.25	..
McKenzie Red L.	12c+3c	.98	*14.3
McWatters	10c	.77	..
Moneta	12c	.45	..
McIntyre Porc.	$2+$1	42.00	*7.1
MacLeod Cockshutt	†10c	1.71	..
Nipissing	15c	.95	..
Noranda	$4	54.00	7.4
North Empire	‡40c	7.25	..
O'Brien Gold	‡3c	.80	..
Pamour Porc.	12c	.99	12.1
Pato Cons.	20c	2.25	..
Paymaster	2c	23½	..
Perron Gold	16c+4c	1.55	*12.9
Pioneer, B.C.	40c	2.15	18.6
Pickle Crow	40c	2.68	14.9
Placer Develop.	$1.20	9.00	13.3
Premier	12c	.80	15
Preston E. Dome	20c	1.83	..
Privateer Mine	‡13c	.43	..
Powell Rouyn	20c	.70	..
Quebec Gold	‡2c	.20	..
Relief Arlington	†5c	.10	..
San Antonio	14c+3c	1.80	9.4
Sheep Creek	16c+2c	.96	*18.8
Sherritt Gordon	†5c	.70	..
Silbak Premier	16c	.60	..
Siscoe	12c+1c	.81	*16.1
Sturgeon River	†2c	.11	..
Sudbury Basin	‡2½c	1.12	..
Sullivan Cons.	†1½c	.65	..
Surf Inlet	20c+5c	.09	..
Sylvanite Gold	40c+5c	2.25	..
Teck-Hughes	8c+8c	3.10	..
Toburn	†3c	1.15	..
Upper Canada	15c	.78	..
Ventures	†10c	2.35	..
Waite Amulet	40c+30c	3.20	..
Wright-Harg.		5.80	*12

*Yield including bonus. †Initial.
‡Paid or payable in 1940 to date.

Winnipeg Stocks

(Transactions from Aug. 19 to Aug. 24)

	Sales	High for period	Low for period	Close Aug. 24
Gold Lake	2,000	.00½	.00½	.00½
Shenango	1,000	.02½	.02½	.02½
Traders Building	20	40.00	40.00	40.00
United Grain	24	7.00	7.00	7.00
West. Breweries	100	1.45	1.45	1.45
Western Grain, pfd.	28	5.00	5.00	5.00
Wings	300	.15	.15	.15
Wingold	1,700	.05	.05	.05

Stocks Not Traded in During Week*

	Bid	Asked
Beaver Fire	75	..
Beav. Lumber, c.	..	4
Do., pref.	..	102
Can. Airways	1	..
Can. Indemnity	120	..
Cres. Cream., p.	8	10
Dom. Envelope, c	..	7½
Do., pref.	86¼	..
Federal Grain, p.	27	..
Federal Grain, c.	¾	1¼
Home Invest.	13	..
Nor. C. Mtge., p.	5	..
Nor. Mtge. pt. pd.	..	3
Nor. Trusts	..	6
West. Steel	7	..

*Stocks more active on other exchanges not included.

Volume of Stock Sales

	Montreal Markets Indust.	Mines	Toronto Markets Ind. & Mines	Vancouver Markets Ind. & Mines
Aug. 27	4,000	6,400	175,000	......
Aug. 26	6,400	4,800	60,000	17,080
Aug. 24	4,600	4,400	74,000	47,775
Aug. 23	6,400	10,500	153,000	16,780
Aug. 22	11,600	7,800	246,000	29,920
Aug. 21	8,700	6,100	102,000	8,0[illegible]

Municipal Bonds

Aug. 27, 1940

†Halifax	5	1961	102.50	107.50	4.45
Hamilton	5	1950	110.25	112.75	3.45
Montreal	5	1945	89.50	93.50	6.70
Ottawa	4½	1945	104.10	106.10	3.15
†Quebec	5	1959	102.00	106.00	4.52
Saint John	5	1950	100.00	104.00	4.52
†Toronto	4½	1955	107.50	110.00	3.61
†Vancouver	5	1950	94.00	98.00	5.27
Winnipeg	5	1944	97.00	101.00	4.60

†Payable Can. and N.Y.

Investment Trusts

	Bid	Ask
Affiliated Fund	2.36	
Can. Amer. Trust	2.90	
Can. Inv. Fund	3.25	
All Can. Trustee	9.30	
Grouped Income	...	
Trans-Canada Shs.	10.10	

OPTION EXTENDED

Vermilata Oils advises the Toronto Stock Exchange that an extension will be granted on balance of the Aug. 20 installment, comprising option on 12,080 shares at 5 cents a share.

Frost Kills 50% Ontario's Tobacco

Province's Biggest Cash Crop Hit by Early Frost

Unusually early frosts in the tobacco belt of southwestern Ontario are estimated to have caused loss to the planters of around $5 millions.

The area affected includes parts of Norfolk, Middlesex, Oxford and Brant counties and centres around the towns of Tillsonburg and Delhi. In this area, possibly two thirds of the total flue-cured tobacco crop of Ontario are grown. Flue-cured tobacco is the light colored variety usually used in cigarettes as distinct from the darker varieties smoked in pipes and cigars. The crop in near-by Essex was not touched.

In the counties where the damage occurred, according to J. K. Perrett, secretary of the Ontario Flue-Cured Tobacco Marketing Board, about 60% of the entire Ontario crop estimated this year at 45 million pounds, is lost.

With the yield now probably reduced to 20 million to 25 million pounds a new situation has been created.

Production the last two years was large at over 76 million pounds. The consequence was a surplus last year of about 28 million pounds. To offset this a cut of one third was made in the area planted. Many growers who still are holding part of last year's crop will probably have their marketing problem solved as both the carryover from last year and what is left of this year's crop will be required.

Over 3,000 Ontario farmers grow tobacco.

One man who had driven through the afflicted area after the frost stated to The Financial Post that the frost had travelled in rather a peculiar path, somewhat like hail.

One field would show the effects of frost while another lying right alongside it would escape entirely. It was easy to tell the damaged fields, he said. Where the frost had hit the effect was very similar to that of a burn, the frozen leaves turning from a bright green to brownish red. Authorities say there can be no salvage.

The season generally is said to have been none too favorable to the crop. Cold wet weather put it back about two to three weeks and has delayed it ripening normally. In Norfolk county, hail did damage to about 500 acres previously.

Unlike hail, however, frost damage is not covered by insurance. Accordingly hundreds of growers will be severely hit. On the other hand, if the surplus stocks are cleared up, the industry generally should benefit.

Early Frosts Uncommon

Early frosts are not common in that section of the country. In 1934, a heavy frost was experienced, but at that time the total area planted to flue-cured tobacco in the whole of Ontario was only 24,289 acres compared with 64,630 acres harvested in 1939. Of the total crop in 1934 a large proportion was already in the kilns for curing when the frost came, so that the relative damage was not so heavy.

As a result of the loss of the crop this year many workers on the tobacco farms are out of employment for the time being. But it is expected they will get work on farms producing other crops before long.

Tobacco in recent years has become Ontario's major single cash crop. In 1939 Ontario's total tobacco crop was valued at $17.1 millions while in 1938 it was worth $19 millions. This is more money than is received for Canada's fruit crop and more than for the wheat grown in Ontario.

It is more important than the total value would indicate, however, because it is concentrated in one small area and is non-competitive with other agricultural products.

The Ontario production constitutes by far the largest part of the total for Canada. For instance, in 1939 the total Canadian crop was valued at $19.2 millions (Ontario, $17.1 millions). This included tobacco of all types. Flue-cured tobacco contributed $16 millions to the total. Of the Ontario production the same year, $15.1 millions was flue-cured.

Over 3,000 Ontario farmers are engaged in tobacco growing.

Annual Meetings

1940	Company	Place
Aug. 30	Canada Packers	Toronto
Sept. 7	Blue Ribbon Corp.	Toronto
Sept. 17	Lake Sh. Mines	Kirkland Lake

Dividends Declared

	This payment	Date payable	Date of record
Agnew Surpass	40c	Sept. 2	Aug. 15
Do., bonus	20c	Sept. 2	Aug. 15
Do., pref.	$1.75	Oct. 1	Sept. 16
Anglo-Candn. Tel.	15c	Sept. 3	Aug. 15
Asbestos Corp.	15c	Sept. 30	Sept. 14
Do., bonus	15c	Sept. 30	Sept. 14
Assoc. Brew.	25c	Sept. 30	Sept. 14
Do., pref.	$1.75	Oct. 1	Sept. 14
Aluminium, c.	$1.50	Sept. 5	Aug. 20
Do., pref.	†$1.50	Sept. 1	Aug. 15
Brazilian Tr. pf.	$1.50	Oct. 1	Sept. 14
Beattie Gold	*4c	Sept. 20	Sept. 9
Broulan Porc.	3c	Sept. 30	Sept. 16
Borden's	30c	Sept. 3	Aug. 15
Bk. Can. Nationale	$2	Sept. 1	Aug. 15
Bank of Montreal	$2	Sept. 3	July 31
Bk. of Nova Scotia	$3	Oct. 1	Sept. 14
Bank of Toronto	$2.50	Sept. 3	Aug. 15
T. G. Bright	$1.50	Sept. 14	Aug. 31
Do., com.	7½c	Sept. 14	Aug. 31
Canada Cement, p.	$1.25	Sept. 20	Aug. 31
Can. Dom. Sugar	37½c	Sept. 1	Aug. 15
Coniaurum Mines	*4c	Sept. 25	Sept. 14
Can. Tube & Steel	$1	Sept. 16	Sept. 9
Can. Ingers'l Rand	$1	Sept. 4	Aug. 15
Canadian Oil, pf.	$2	Oct. 1	Sept. 20
Can. Vinegars	10c	Sept. 2	Aug. 20
Can. Pac. Rly., p.*	2%	Oct. 1	Sept. 2
Can. Nor. Power	23c	Oct. 25	Sept. 30
Do., pref.	$1.75	Oct. 15	Sept. 30
Can. Cottons	$1	Oct. 1	Sept. 13
Do., pref.	$1.50	Oct. 1	Sept. 13
Central Patricia	4c	Sept. 28	Sept. 14
Do., extra	1c	Sept. 28	Sept. 14
Calgary & Edm.	*10c	Sept. 30	Aug. 31
Cariboo Gold	4c	Oct. 1	Sept. 4
Do., extra	2c	Oct. 1	Sept. 4
Can. Malting	50c	Sept. 14	Aug. 31
Can. Celanese c.	25c	Sept. 30	Sept. 16
Do., extra	50c	Sept. 30	Sept. 16
Do., pref.	$1.75	Sept. 30	Sept. 16
Can. Gen. Elec.	$2	Oct. 1	Sept. 14
Can. Perm. Mtge.	$2	Oct. 1	Sept. 14
Can. For. Invest.	70c	Nov. 1	Oct. 15
Do., pref.	$2	Oct. 1	Sept. 15
Can. Wire Box A	37½c	Oct. 1	Sept. 16
Candn. Ind., A, B.	$1.75	Oct. 31	Sept. 30
Do., pref.	$1.75	Oct. 15	Sept. 30
Can. Wire & C., A	$1	Sept. 15	Aug. 31
Do., B	25c	Sept. 15	Aug. 31
Do., pref.	$1.62½	Sept. 15	Aug. 31
Chartered Trust	$1	Oct. 1	Sept. 16
Comm. Alcohols, p.	10c	Oct. 15	Sept. 30
Can. Int. Inv. Tr., p.	50c	Sept. 3	Aug. 15
Can. W. N. Gas, p.	$1.50	Sept. 3	Aug. 15
Can. Malartic	*2c	Sept. 26	Sept. 5
Confed. Life	$1.50	Sept. 30	Sept. 25
David & Frere A.	25c	Sept. 30	Sept. 16
Dom. Envelope pf.	$1.75	Sept. 1	Aug. 20
Dominion Tar pfd.	$1.37½	Nov. 1	Oct. 14
Distillers Seag., c.	55½c	Sept. 16	Sept. 3
Dom. Ang. Inv. pf.	$1.25	Sept. 3	Aug. 15
Dom. Textile	$1.25	Oct. 1	Sept. 14
Do., pref.	$1.75	Oct. 15	Sept. 30
Dom. Scottish	50c	Sept. 1	Aug. 20
Dom. Fdry. & St'l	$1.50	Sept. 2	Aug. 20
Do., com.	25c	Oct. 1	Sept. 20
Dome Mines	50c	Oct. 21	Sept. 30
East Malartic	10c	Aug. 31	Aug. 1
Extension Oil	1½c	Aug. 31	Aug. 15
Economic Invest.	*62½c	Oct. 1	Sept. 21
Famous Players	25c	Sept. 27	Sept. 17
Gatineau Pwr.	20c	Sept. 30	Aug. 31
Do., 5½% pref.	$1.37	Oct. 1	Aug. 31
Do., 5% pref.	$1.25	Oct. 1	Aug. 31
Granby Cons.	†15c	Sept. 3	Aug. 16
Gt. L. Pap. p, A B	*25c	Oct. 1	Sept. 10
Hollinger Cons.	5c	Sept. 9	Aug. 26
Hallnor Mines	15c	Sept. 4	Aug. 15
Hamilton Un. Th.	$1.25	Sept. 30	Aug. 31
Imperial Tob.	10c	Sept. 30	Sept. 6
Do., pref.	3%	Sept. 30	Sept. 6
Inter. Mining	†10c	Sept. 20	Aug. 31
Inter. Nickel	†50c	Sept. 30	Aug. 31
Kelvinator	50c	Sept. 20	Sept. 5
Kirkland L. Gold	5c	Nov. 1	Sept. 30
Do., extra	1c	Nov. 1	Sept. 30
Louisiana Land	†10c	Sept. 14	Sept. 3
Lake of W. Mill., p.	$1.75	Sept. 3	Aug. 17
Lake Shore M.	*50c	Sept. 14	Aug. 31
Lang, J. A.	17½c	Oct. 1	Sept. 15
Laura Secord	20c	Sept. 1	Aug. 15
Loblaw, Groc., A, B	25c	Sept. 3	Aug. 10
Loblaw Groc. Inc.	†20c	Aug. 31	Aug. 15
Macassa Mines	8c	Sept. 16	Aug. 31
Mitchell, J. S. pf.	$1.75	Oct. 1	Sept. 16
Montreal Loan	31¼c	Sept. 16	Aug. 31
McIntyre Porc.	†50c	Sept. 3	Aug. 1
McKenzie R. Lake	3c	Sept. 16	Sept. 2
Montreal Cottons	$1	Sept. 15	Aug. 31
Do., pref.	$1.75	Sept. 15	Aug. 31
National Grocers p.	37½c	Oct. 1	Sept. 14
Nat. Steel Car	50c	Oct. 15	Sept. 30
Northwest. Util. p.	$1.50	Sept. 1	Aug. 26
Nat. Biscuit	†40c	Oct. 15	Sept. 10
Do., pref.	†$1.75	Aug. 31	Aug. 16
Noranda Mines	$1	Sept. 16	Aug. 17
N. Scotia L. & P.	$1.50	Sept. 3	Aug. 15
Ogilvie Flour, p.	$1.75	Sept. 3	Aug. 19
Ottawa Light	25c	Oct. 1	Aug. 26
Do., pref.	$1.25	Oct. 1	Aug. 26
Petrol Oil	*2c	Oct. 1	Sept. 14
Pressed Metals	†25c	Sept. 3	Aug. 15
Perron Gold	4c+1c	Sept. 21	Aug. 31
Prov. Bank	$1.50	Sept. 1	Aug. 15
Paton Mfg.	50c	Sept. 15	Aug. 31
Do., pref.	$1.75	Sept. 15	Aug. 31
Photo Engravers	50c	Sept. 3	Aug. 15
Pioneer Gold	10c	Oct. 1	Aug. 31
Pickle Crow G.	10c	Sept. 30	Sept. 16
Preston E. Dome	5c	Oct. 15	Sept. 30
Relief Arlington	‡5c	Sept. 23	Sept. 10
Riverside Silk	50c	Oct. 1	Aug. 13
Remington Rand	20c	Oct. 1	Sept. 10
Do., pref.	$1.12½	Oct. 1	Sept. 10
Rolland Paper, pf.	$1.50	Sept. 2	Aug. 15
Royal Bank	$2	Sept. 3	July 31
Siscoe Gold	3c	Sept. 16	Aug. 16
Stuart, D. A. Oil, p.	20c	Sept. 3	Aug. 15
Surf Inlet	1½c	Sept. 16	Aug. 16
Sunset Oils	1c	Sept. 16	Sept. 5
Sylvanite Gold	†5c	Sept. 30	Aug. 17
Silverwoods, pf.	20c	Oct. 1	Aug. 31
Simon & Sons	15c	Sept. 28	Sept. 14
Do., pref.	$1.75	Sept. 28	Sept. 14
Smith H. Pap. pf.	$1.50	Oct. 15	Sept. 30
Stedman Bros. pfd.	75c	Oct. 1	Sept. 20
Do., com.	15c	Oct. 1	Sept. 20
Teck-Hughes	*10c	Oct. 1	Sept. 10
Do. bonus	*5c	Oct. 1	Sept. 10
Tor. Elevators, pf.	65½c	Sept. 7	Aug. 22
Union Gas	20c	Sept. 14	Aug. 14
Upper Can. Mines	‡3c	Aug. 31	Aug. 15
United Fuel, A., p.	75c	Oct. 1	Sept. 20
Walker-Good.	$1	Sept. 15	Aug. 23
Do., pref.	25c	Sept. 15	Aug. 23
West. Can. Hyd., p.	20c	Sept. 2	Aug. 20
Weston, Geo., c.	20c	Oct. 1	Sept. 12
Wr. Hargreaves	†10c	Oct. 1	Aug. 22
Do., bonus	†5c	Oct. 1	Aug. 22
Wilsil	25c	Oct. 1	Sept. 14

†Payable in U. S. funds ‡Initial.
*Subject to approval by Foreign Exchange Control Board.

Dom. of Canada Bonds
BOUGHT SOLD QUOTED
A. J. Pattison, Jr. & Co.
Royal Bank Bldg., Toronto
EL. 5101

Ontario's Flue-cured Tobacco Industry 1930-39

	Planted Area Acres	Average Yield per Acre lb.	Total Production lbs. (000's)	Average Farm Price Cents	Gross Farm Value $000
1930	17,200	720	12,384	32.0	3,962
1931	27,345	896	24,500	20.5	5,022
1932	27,754	995	27,615	16.3	4,501
1933	30,042	897	26,936	19.5	5,252
1934	24,289	900	21,869	24.7	5,399
1935	30,905	1,138	35,183	24.5	8,620
1936	35,701	684	24,421	29.3	7,155
1937	52,452	1,042	54,655	27.3	14,940
1938	61,300	1,244	76,278	22.7	17,280
1939	64,630	1,176	76,000	19.4	15,180

DIVIDEND NOTICES

Macassa Mines, Limited

(No Personal Liability)

DIVIDEND NO. 21

NOTICE is hereby given that a dividend of 8c per share has been declared on the capital stock of the company for the quarter ending September 30th, 1940, and will be payable on September 16th next to shareholders of record August 31st, 1940.

Taxes imposed on shareholders' dividends will be deducted where applicable.

By Order of the Board.

L. SOLIAGUE, Secretary.

Toronto, August 26th, 1940.

The Montreal Cottons Limited

Notice is hereby given that a dividend of one per cent (1%), has been declared upon the Common Stock of the Company, and cheques will be mailed on the fifteenth day of September next, to shareholders of record at the close of business on the 31st day of August, 1940.

By Order of the Board.

CHAS. GURNHAM,
Secretary-Treasurer.

Valleyfield, August 21st, 1940.

The Montreal Cottons Limited

Notice is hereby given that a quarterly dividend of one and three-quarters per cent (1¾%), being at the rate of Seven per cent (7%) per annum, has been declared upon the preferred stock of the Company, and cheques will be mailed on the fifteenth day of September next, to shareholders of record at the close of business on the 31st day of August, 1940.

By Order of the Board.

CHAS. GURNHAM,
Secretary-Treasurer.

Valleyfield, August 21st, 1940.

Dominion Textile Co. Limited

Notice of Preferred Stock Dividend

A DIVIDEND of One and Three Quarters per cent. (1¾%) has been declared on the Preferred Stock of DOMINION TEXTILE COMPANY, Limited, for the quarter ending 30th September, 1940, payable 15th October, 1940, to shareholders of record 30th September 1940.

By order of the Board,

L. P. WEBSTER,
Secretary.

Montreal, August 21st, 1940.

Dominion Textile Co. Limited

Notice of Common Stock Dividend

A DIVIDEND of One Dollar and Twenty-five cents ($1.25) per share, has been declared on the Common Stock of DOMINION TEXTILE COMPANY, Limited, for the quarter ending 30th September 1940, payable 1st October, 1940, to shareholders of record 14th September, 1940.

By order of the Board,

L. P. WEBSTER,
Secretary.

Montreal, August 21st, 1940.

DIVIDEND NOTICES

Imperial Tobacco Company of Canada, Limited

DIVIDEND

Notice is hereby given that an Interim Dividend (No. 139) of ten cents (10c) per share on the paid-up Ordinary Shares of the Company has been declared payable on Monday, the 30th day of September, 1940, to shareholders of record at the close of business on Friday, the 6th day of September, 1940.

A Semi-Annual Dividend (No. 57) of three per cent. (3%) on the paid-up Preference Shares of the Company has been declared payable on Monday, the 30th day of September, 1940, to shareholders of record at the close of business on Friday, the 6th day of September, 1940.

By Order of the Board.

A. L. ROBERTSON,
Secretary.

MONTREAL, P.Q., 23rd August, 1940.

PICKLE CROW GOLD MINES LIMITED

(No Personal Liability)

NOTICE OF DIVIDEND NO. 19

Notice is hereby given that a dividend of ten cents (10c) per share in Canadian funds has been declared, payable on Monday, September 30th, 1940, to shareholders of the company of record at the close of business on Monday, September 16th.

By Order of the Board.

ROBERT FENNELL, K.C.,
Treasurer

Toronto, Ont, Aug. 22, 1940.

Canadian Wirebound Boxes Limited

Dividend Notice

Take notice that the Directors of the Company have declared a dividend of thirty-seven and one-half cents (37½c) per share on account of arrears on the Class "A" shares of the Company, payable October 1st, 1940, to shareholders of record the close of business September 16th, 1940.

By order of the Board,

J. P. BERNEY,
Secretary.

THE Calgary & Edmonton Corporation Limited

Notice is hereby given that a dividend of ten cents per share was declared 19th July, 1940, payable 30th September, 1940, to shareholders of record at the close of business on the 31st day of August, 1940.

Payment of the said dividend has been approved by the Foreign Exchange Control Board.

The Transfer books of the Corporation will be closed from the close of business on the 31st August, 1940, to the opening of business on the 11th September, 1940.

BY ORDER OF THE BOARD.

C. E. REECE,
SECRETARY

Dated at Winnipeg, this 23rd August, 1940.

Nat. Steel Car Earnings High

But Heavy Write-offs Bring Net Below That of Last Year

When the annual report of National Steel Car Corp. for the year ended June 30 appears in the near future, it is expected to show operating profits, before write-offs and reserves, slightly under $2 millions. This would compare with operating profit of $1.1 million a year ago.

Net profit available for shareholders, however, will probably be about $465,000 compared with $630,000 in the year ended June 30, 1939. This would be equivalent to approximately $2.65 a share on the 175,000 common shares against an actual $3.59 a share earned in the preceding year.

It appears that the company has obtained a ruling from Ottawa authorities permitting special write-offs and depreciation allowances because of the nature of a large portion of the company's war business. Last year depreciation amounted to $152,000 and amortization of special equipment another $106,000. This year, however, it is understood that depreciation will amount to slightly under $1 million and special amortization provision to over $300,000. Income and "excess" profits taxes for the latest period will likely amount to around $175,000 compared with $135,000 a year ago.

National Steel Car has obtained an order to build the bodies for about 5,000 special military trucks for the British Government, it is understood. The chassis will be built by General Motors of Canada and National Steel Car will build the bodies. These are to be lightly armored to give a measure of protection against rifle or machine gun fire, it is thought.

It is said that the order now to be started may be only the initial unit of a larger number which may reach 10,000 vehicles.

Bell Telephone Erects Office

From Our Own Correspondent

MONTREAL.—Bell Telephone Co. of Canada has commenced work on its new Kingston office and exchange building. Contract has been awarded to A. F. Byers, Montreal, at an approximate cost of $135,000.

The building will house the new automatic telephone equipment being installed in the city and office facilities. Present accommodation is inadequate for the purpose of installing the equipment necessary. Cutover to automatic from manual will take place in late 1941 or early 1942 and the building is expected to be completed by the end of next February.

The new building is a two-story structure with reinforced concrete frame.

DIVIDEND NOTICES

Canada Permanent Mortgage Corporation

Notice is hereby given that a Dividend of TWO PER CENT. on the paid-up Capital Stock of the Corporation has been declared for the current quarter, and that the same will be payable

Tuesday, the First Day of October

next, to Shareholders of record at the close of business on the Fourteenth day of September, 1940.

By order of the Board.

WALTER F. WATKINS,
Secretary.

Toronto, August 23rd, 1940.

Broulan Porcupine Mines Limited

(No Personal Liability)

INTERIM DIVIDEND NO. 1

NOTICE IS HEREBY GIVEN that an Interim Dividend of three cents per share, in Canadian funds, has been declared on the issued capital stock of the Company and will be paid (less deductible taxes) on September 30th, 1940, to shareholders of record September 16th, 1940.

As this is the initial dividend, shareholders holding certificates which are registered in other than their own names are advised to have such share certificates transferred to their own names on or before September 16th, 1940. Request for such transfer should be forwarded, with properly endorsed certificates enclosed, to the Company's Transfer Agent, Chartered Trust and Executor Company, 34 King Street West, Toronto, Ontario.

By Order of the Board,

D. R. MICHENER,
Secretary.

Toronto, Ontario.
August 27th, 1940.

Central Patricia Gold Mines, Limited

DIVIDEND No. 17
EXTRA DIVIDEND No. 9

A dividend of 4c per share, and an extra dividend of 1c per share, making 5c per share in all, have been declared by the Directors on the capital stock of the company, payable the twenty-eighth day of September, 1940, to shareholders of record at the close of business on the fourteenth day of September, 1940.

DATED at Toronto this twenty-seventh day of August, 1940.

By order of the Board,

C. R. ELLIOTT,
Ass't Secretary-Treasurer.

Gatineau Power Company

Notice of Dividend on 5% Cumulative Preferred, 5½% Cumulative Preferred and Common Shares

Montreal, Canada
August 15, 1940.

The Board of Directors has declared a quarterly dividend of $1.25 a share on the 5% Cumulative Preferred shares and $1.37 a share on the 5½% Cumulative Preferred shares of the Company payable October 1st, 1940, to shareholders of said classes of record at the close of business August 31st, 1940; also a quarterly dividend of Twenty cents ($.20) a share on the Common Shares of this Company outstanding at the close of business August 31st, 1940, payable on September 30, 1940, to shareholders of said class of record at the close of business August 31st, 1940.

Cheques will be mailed. Stock transfer books will not close.

J. R. [illegible]
[illegible]

Week in Wheat

Wheat Board Raises Barley Sale Limit

Farmer Can Now Deliver 10 Bushels Per Seeded Acre Compared With Five Formerly — Malt Company Demand Good

The Canadian Wheat Board has relaxed its restrictions on deliveries of barley to permit farmers to deliver 10 bushels per seeded acre, instead of only 5, which was the former limit, and which still remains the limit on deliveries of wheat and oats.

In addition, farmers with malting barley are permitted to deliver in excess of the quota, but on the understanding that additional deliveries now made will be subtracted from deliveries to be made under new quotas, if and when announced. An excellent demand from malting companies, for the higher grades of barley, together with a good demand for feed barley to be shipped to eastern Canada, and some outlet for lower grade barley in the United States has been the basis for the change in regulation.

The advisory committee to the Wheat Board has been holding its first meeting this week, and it is understood that it has been devoting a good deal of study to problems arising out of the quota system. Many requests have been made from different parts of the country to make quotas interchangeable. The farmer who has put a good deal of his acreage into coarse grains, which he plans to feed on the farm feels that he should have special recognition.

He claims that he had been contributing to lessening difficulties with wheat by planting less of it than he otherwise might have done, and that if he undertakes to take care of produce of some of his grain acreage himself, he should be allowed to sell as much wheat as if he had devoted his land entirely to wheat, as a large number of farmers do.

• • •

His Only Source

The exclusive wheat farmer denies such claims for special consideration, and points out that he is dependent upon cash returns from his wheat, while other farmers may have cash receipts from livestock and from cream. Another class of claims for special consideration comes from districts well supplied with elevators, in relation to the size of the local crop. They claim that special local enlargement of the quota should be made, and that local farmers should be allowed full use of local elevator space.

The claim is made with special force when crops in a district may be small. Farmers in such districts claim that they will be unable or unlikely to benefit from any plan that may be later adopted for financing farm stored grain, because they will have so little of such grain to offer as collateral for loans. But farmers in other districts, where there is not enough elevator space to take care of first quota deliveries, feel that there should be a transfer of grain from one district to another and that everyone should be given a chance to complete first quota deliveries before any additional quotas are established.

• • •

Would Hit Somebody

It is difficult, and perhaps impossible, to find principles which would be generally acceptable, upon which such questions can be decided. There is not nearly enough elevator space to take care of all the grain farmers will want to deliver as threshing proceeds. Anything extra allowed in one district, or to one class of farmers, means cutting down the space available to other districts, or to other farmers.

Similar difficulties will shortly be experienced with allotment of railway cars for shipping grain out of country elevators. While railways have lately increased the number of cars daily allowed to be loaded, shipments out of country elevators must continue to be rationed throughout the year in accordance with the space made available in terminal elevators. So far, the number of country elevators actually plugged, so farmers can deliver no more grain at present, is comparatively small, but if weather permits threshing to continue normally, it will not be many weeks before that condition is general.

• • •

Estimates Up to 500 Millions

Some estimates of the western wheat crop have gone as high as 500 million bushels. Such a level is contingent on the Alberta crop, much of it not yet completely mature, being safely harvested without frost damage.

Granted that condition, Alberta alone may produce 200 million bushels of wheat. In 1936 the whole West produced only slightly more than that quantity, while in 1937 total production was 40 million bushels. One may still hear controversy whether or not it is possible for the Saskatchewan crop to be as high as 226 million bushels. That estimate seems high to those whose attention has been centred upon the large area of comparatively poor crops and low to those who have been observing mainly the excellent yields in other districts.

• • •

Switch in Crops Sowed

The size of this year's wheat crop is partly accounted for by a considerable increase in wheat acreage. To some extent that is accounted for by a switch from coarse grains, which in turn is partly accounted for by the introduction of rust-resistant wheats. Farmers in the areas most susceptible to rust had previously turned to other crops because they were afraid of disaster if depending upon wheat in a bad rust year. To some extent they have been glad to switch back to wheat.

• • •

A Government guarantee of a minimum price for wheat is something more than has been available with other crops. Even although the minimum price guaranteed has been complained of as too low, it at least provided greater certainty than was available with oats or barley. Some increase is accounted for by the fact that some acreage in Saskatchewan was temporarily abandoned during the worst of the drought years. Farmers ceased to put in crops on some land until better moisture conditions encouraged a resumption of operations. In addition, in the wooded or partly wooded sections of the country, mainly in the northern districts, there is a constant process of bringing more land under cultivation.

• • •

Amount in Question

The Hon. Jas. Gardiner, while in the West last week, was quoted as declaring that 170 million bushels of wheat in Canada had been bought by Great Britain, and still awaited shipment overseas. The quantity in question is somewhat, although not greatly, in excess of quantities previously calculated by members of the trade. What the West is hoping for now is not so much further immediate purchases by Great Britain, but rather shipment as rapidly as possible of a considerable quantity of the wheat already purchased. That will make room for additional quantities of new wheat to be delivered to elevators.

Commodities

Commodity prices have again failed to shake off the sluggishness that has featured them for weeks past. Apart from a few minor advances as in hogs there were declines in sugar and wheat quotations.

Price indices for spot markets were divided, two showing gains and two declines. Dow Jones future index, however, recorded a fractional advance.

COMMODITY PRICES

	Latest week	Previous week	Same week last yr.
Cattle	$8.75	$8.75	$6.75
Hogs	9.50	9.40	8.65
Copper, lb.	.11	.11	.10½
Cotton, lb.	.0969	.0971	.0994
Rubber, lb.	.1957	.1962	.1685
Sugar, raw, lb.	.0265	.0262	.0290
Silk, lb.	2.53	2.53	2.64
Wheat, Man. (bu.)	.72½	.72¼	.56⅝
Coffee, lb.	.05⅛	.05⅛	.05⅛
Hides	.09½	.10	.10½
Weekly Indices			
Canada (D.B.S.)	82.3	82.2	71.9
Do., Wood, Gundy	84.1	84.0	83.9
U. S. Labor	77.2	76.6	74.6
Dow Jones (future)	49.48	48.85	47.98
Fishers'	81.0	81.1	78.1
Monthly Indices			
Canada (D.B.S.):			
Retail (July)	86.7	86.0	83.1
W'sale (July)	82.4	81.6	72.6
U. S. (June)	77.5	78.4	75.6
Gt. Brit. (Mar.)	129.4	128.5	96.6

Note: The base of indices is that 1926 equals 100. The British index is Board of Trade converted to 1930 base.

Base of price quotations is as follows: Cattle—Steers, good, over 1,050 lb., top price, Toronto. Copper-electrolytic, New York. Silk—Crack db., 13-15 New York. Sugar — 96 degrees centrifugal c/f New York. Wheat—No. 1 Man. North., Ft. W.-Pt. A. basis. Hides—No. 1 packer light.

DIVIDEND NOTICES

Silverwood DAIRIES, LIMITED

DIVIDEND NOTICE

PREFERRED DIVIDEND NO. 9

Notice is hereby given that the regular semi-annual dividend of twenty cents (20c) per share has been declared on the Preferred Shares of the Company, payable October First, 1940, to Shareholders of record at the close of business on August 31st.

BY ORDER OF THE BOARD.

J. H. GILLIES,
Secretary-Treasurer.

London, Ontario.
August 23, 1940.

Canadian Celanese Limited

1401 McGill College Avenue,
MONTREAL, P.Q., CANADA

August 26, 1940.

The board of directors has this day declared the following dividends:

Seven Per Cent Cumulative Participating Preferred Stock

One dollar seventy-five cents ($1.75) per share, which shall be deemed to be for the three months period from July 1, 1940 to September 30, 1940, payable September 30, 1940 to holders of record at the close of business September 16, 1940.

Common Stock

Twenty-five cents (25c) per share in respect of the third quarter of 1940; and, in addition, an extra dividend of fifty cents (50c) per share, payable September 30, 1940 to holders of record at the close of business September 16, 1940.

H. BLANCHE,
[illegible]

DIVIDEND NOTICES

NOTICE OF DIVIDEND

Famous Players Canadian Corporation Limited

NOTICE is hereby given that a quarterly dividend of twenty-five cents (25c) per share has been declared on all issued Common Shares of the Company without nominal or par value, payable on Friday, the 27th day of September, 1940, to shareholders of record Tuesday, the 17th day of September, 1940.

By Order of the Board.

THOS. J. BRAGG,
Secretary-Treasurer.

Dated at Toronto this 22nd day of August, 1940.

PRESTON EAST DOME MINES, LIMITED

(No Personal Liability)

DIVIDEND No. 4

NOTICE is hereby given that a dividend of five cents per share has been declared by the Directors on the Capital Stock of the Company, payable in Canadian Funds on October 15th, 1940, to Shareholders of record at the close of business on the 30th day of September, 1940.

Taxes imposed on shareholders' dividends will be deducted.

By order of the Board.

L. I. HALL,
Secretary.

Toronto, August 20th, 1940.

GRAIN MERCHANT
RECEIVERS · SHIPPERS · EXPORTE
Owning and Operating Terminal, Transfer and Country Elevators Capacity 12,500,000 Bushels
MEMBERS Winnipeg Grain Exchange Chicago Board of Trade New York Produce Exchange and other Exchanges
Head Office, WINNIPEG - Private wires connecting offices across Canada
JAMES RICHARDSON & SO
EST. 1857

McCABE BROS. GRAIN CO. LT
WINNIPEG, MAN.
Grain Commission Merchants — Shippers
Exporters — All Grains-Sacked Feeds
Country and Terminal Elevator Operators
Grain Merchandising
MANITOBA - SASKATCHEWAN - ALBERTA
Offices: DULUTH - MINNEAPOLIS

N. BAWLF GRAIN CO. LT
ESTABLISHED 1881
HEAD OFFICE — WINNIPEG, MAN.
Owning and operating country elevators and th
BAWLF TERMINAL ELEV., PORT ARTHUR, ON
CAPACITY 2,500,000 BUS.

GRAND TRUNK PACIFIC
ELEVATOR CO. LIMIT
Located at Fort William on C.N.R., and C.P.R. Elevator absolutely fireproof throughout. Operated by electricity. Capacity 5,750,000 bushels.
FREDERIC B. WELLS
President
W. SLATER
Vice-President and General Mgr.

FEDERA
GRAIN
LIMITED
OPERATING TERMINAL ELEVATORS - FORT WILLIAM - PORT ARTHUR - VA
423 COUNTRY ELEVATORS THROUGHOUT THE WEST
101 COAL SHEDS
Our Service and Facilities Guarantee Satisfa

Finish Installation At Powell River Co.

From Our Own Correspondent

MONTREAL.—Powell River Co. has completed installation at its plant at Powell River, B.C., of equipment for manufacture of sulphite pulp. The company has installed a new drier and
With the new Flakt
eration, sulphite produc
confined to the Kam
where high-grade, air-d
pulp will be produced.
machine, which is now
air-dried sulphite, will
red to a new product
sulphite and groundwo

Wheat Prices

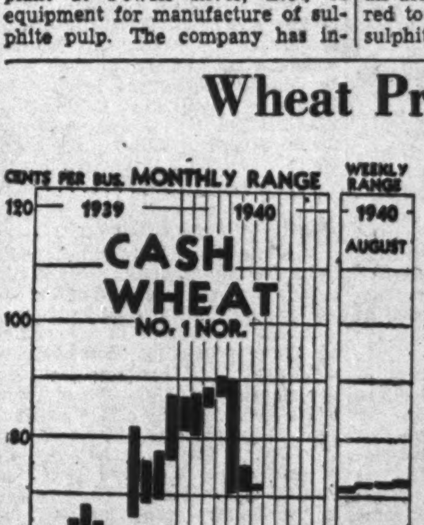

Chart by The Financial Post

Cash Qu
For Wee
Aug. 27

	High
Wheat:	
1 Hard	.72⅝
1 Nor.	.72⅝
2 Nor.	.70
3 Nor.	.66⅞
4 Nor.	.62⅝
5 Wheat	.58⅝
6 Wheat	.56⅝
Feed	.52⅝
Oats:	
2 C. W.	.28⅝
3 C. W.	.26⅝
Barley:	
1 Feed	.33
2 Feed	.32⅝
Flax:	
1 C. W.	1.33¼
2 C. W.	1.27⅜
Rye:	
2 C. W.	.42⅛

Winnipeg Grain Futures

Week to Aug. 27, 1940

Crop year from Aug. 1, 1940 High	Crop year from Aug. 1, 1940 Low		Open Aug. 21	High for week	Low for week
		Wheat			
*.73⅝	.73⅝	Oct.	.73⅝	.73⅝	.73⅝
*.74⅝	.74⅝	Dec.	.74⅝	.74⅝	.74⅝
		Oats			
.30⅝	.27¾	Oct.	.28½	.28¾	.28⅛
.28⅛	.25⅝	Dec.	.26⅝	.27¼	.26⅛
.30	.26⅝	May	.27⅝	.28½	.27⅝
		Barley			
.34⅝	.31½	Oct.	.32⅞	.34⅝	.32⅞
.34⅝	.30½	Dec.	.32¼	.34⅛	.32⅛
.35⅝	.35⅛	May	.....	.35⅝	.35⅛
		Flax			
1.34⅛	1.32	Oct.	1.33⅛	1.33¾	1.33⅛
1.34⅛	1.31¾	Dec.	.....	1.34⅛	1.31¾
1.39⅝	1.36	May	.....	1.39⅝	1.36
		Rye			
.46⅛	.40⅛	Oct.	.42¼	.43¼	.41⅞
.46¾	.40⅞	Dec.	.43⅝	.43⅞	.42½
.46⅝	.44⅛	May	.....	.46⅝	.45¼

*Minimum prices.

Week in Mining

'Real Danger in Gold' No Canadian Problem

American Writer Envisages Possibility of U. S. Gold Holdings Being 'Coin Clipped' With Revaluation by a Higher Gold Price

Cheapening of the United States dollar by a further revaluation of United States gold reserves is seen as the real danger behind the huge United States gold holdings in a newly published book, "The Real Danger in Our Gold," by an American, Harry Scherman.

If the danger envisaged by Mr. Scherman is real—and nothing suggests it isn't—there exists a possibility of the price of gold being increased substantially. While a further cheapening of the United States dollar by raising the gold price may be undesirable from the American point of view, the effect on Canada would be favorable as our mines would benefit from the higher price of gold.

As a safeguard against possible further devaluation of the United States dollar in terms of gold, Mr. Scherman suggests a return to a convertible currency so that "coin clipping" would not be so simple as at present when all monetary gold is concentrated in the hands of the Government.

* * *

Australia Aids Mines

Australia has passed an interesting Gold Mining Encouragement Act which seeks to stimulate production of gold from marginal deposits not yet in production as well as easing the burden on some mines already producing.

The Act provides for the remission of taxation to high-cost producers, with no producer whose costs exceed £9 Australian per ounce paying any tax. This would be equivalent to an exemption of taxation for Canadian producers with costs of $32.22 an ounce or over.

Certain mining men in Canada have been recently advocating tax action along the Australian line. At the "gold" conference recently held at Ottawa, the suggestion was advanced that marginal mines be allowed a profit of 50 cents or $1 a ton before taxation should be charged. This would allow at least a partial return of capital where operations have not proved as profitable as originally anticipated.

As the situation stands at present, some new mines may have to pay a tax under the "Excess" Profits Tax even though they operate at a loss.

* * *

To Produce Molybdenum

When war broke out, prospecting for molybdenite, the ore of molybdenum, became quite extensive, as this metal is one of the strategic war minerals. Quyon Molybdenite Co., which holds the old Moss mine in Quebec, installed all the equipment necessary for production, but just as things seemed all set for commercial production of this metal, markets disappeared. The United Kingdom contracted for all its 1940 requirements in the United States and there seemed no outlet for possible Canadian production with a tariff on in the United States.

The Quyon people, however, have been in touch with the Canadian steel manufacturers, and it is now believed that part of the company's capacity, at least, can be utilized in supplying the domestic market. A reduction plant is to be built in the near future to convert molybdenite concentrates into ferro-molybdenum, calcium molybdate and other products required by the Canadian steel makers. The company's milling unit is already in readiness to produce the required concentrates.

* * *

Helping the War Effort

Mining companies have been taking a new method of aiding Canada's war effort recently. International Nickel and other companies have been pointing out to American shareholders that spending United States dollars in Canada will give needed supplies of foreign exchange for prosecuting the war. Assurance is also given that no passport is needed to enter this country.

One company in its annual report discloses nearly 50% of its liquid assets have been placed in war loans; 400 pairs of blankets have been contributed in response to the appeal of the Red Cross; employees and staff are purchasing war savings certificates, and 10% of the company's employees have joined the colors.

A third company, Bralorne Mines, has loaned $1 million to the Dominion Government without interest.

* * *

Miners and War

The value of Canadian mining technique in warfare is being recognized in England, a recent question in the Ottawa House brings out. A total of 116 recently enlisted miners and diamond drillers now overseas have been formed into a special unit, known as No. 1 Tunnelling Company.

The military need for experienced miners, however, is quite limited. The number of actual miners required in all Canadian engineer and pioneer units, other than No. 1 Tunnelling Company, is stated to amount to approximately 70, with reinforcements estimated at 25 to 30 a year.

Specialized knowledge of rock, explosive and demolition work would be an asset to such units, it was stated. Even without further recruiting for overseas service it appears there will likely be sufficient miners in the army to supply all requirements.

Week in Oils

Harness Turner's Gas

CALGARY.—Turner Valley's natural gas—the product that helped win the field fame before discovery of crude—is to play an important role in Canada's war against Hitlerism. Between $8 and $9 millions is to be spent by the Dominion Government to build a plant for the conversion of hydrogen from the natural gas and nitrogen from the air into ammonium nitrates needed in the manufacture of explosives.

The plant, it is learned, is being constructed by the Consolidated Mining & Smelting Co. for the Government. It will be operated by a new subsidiary of Consolidated, the Alberta Nitrogen Co. While exact location has not been revealed, it is understood to be situated just southeast of Calgary, not far from the Imperial Oil refinery. Preliminary survey and construction work has already got under way.

* * *

Government Finances

The huge ammonium nitrates plant is one of a group of Government-financed chemical units to be constructed in various parts of Canada to provide essential materials for the manufacture of munitions for the Dominion and the Empire. After the war, it is understood, the plant can be converted for the manufacture of fertilizers and other commercial products.

It is roughly estimated that from ten to twelve million cubic feet of natural gas per day will be required for the nitrates plant.

Commencement of construction of the nitrates plant follows a study of Turner Valley natural gas by Consolidated Mining engineers and chemists. The study confirmed the belief that the gas provided an easily obtainable, cheap and unlimited source of hydrogen for ammonium nitrates manufacture. The location for the plant is not far from the Canadian Western Natural Gas Co.'s Turner Valley-Calgary pipe line, and this line will doubtless be linked up with the plant.

* * *

Oil Output Gains

Reflecting the sharp increase in Turner Valley oil well allowables placed in effect on July 1, Alberta's petroleum production for July, 1940, showed an increase of 215,937 bbls. over output during June, according to figures compiled by Major F. K. Beach, of the Alberta Department of Lands and Mines. Total July production was 853,910 bbls., compared with 637,973 bbls. in June. Turner Valley oil wells produced an average of 26,584 bbls. per day during July, against only 20,357 bbls. during June.

While the July, 1940, production does not quite reach the July, 1939, output totalling 877,000 bbls., output for the first seven months of this year was well ahead of the same period in 1939. From Jan. 1, to July 31, 1940, Alberta production of 4,434,484 bbls. was recorded, compared with 4,131,274 bbls. in the same period last year.

With Turner Valley oil wells still producing steadily at between 26,500 and 27,000 bbls. per day, August petroleum production is expected to equal the July yield of 853,910 bbls. Production during August, 1939, was recorded at 767,984 bbls.

* * *

Oil Incomes Progresses

At the Alberta Oil Incomes No. 2 well, located three quarters of a mile northwest of Turner Valley's present most northerly producer, Home-Millarville No. 2, the Brown sandstone marker was confirmed during last week end at a depth of 8,040 ft. On Monday morning drilling was proceeding below 8,085 ft. Assuming that the well will encounter a normal Brown sand section of 100 feet and a normal Fernie section of 175 to 200 ft., the Madison limestone should be reached around 8,315 to 8,340 ft., from 4,170 to 4,195 ft. below sea level. (The limestone elevation at Anglo-Canadian-Phillips No. 1, deepest of the north Turner Valley producing wells, was 4,350 ft. below sea level.)

* * *

Home Output Raised

Reflecting the favorable conditions in the recently proved and lightly drained north end of Turner Valley, the Conservation Board has authorized increases in allowables of three producing Home-Millarville wells, still further increasing the margin by which two of these wells lead the field of 116 producers. Allowable of Home-Millarville No. 2, the field's largest producer, has been increased from 1,025 to 1,225 bbls. Home-Millarville No. 3, the field's second largest producer, has been stepped up from 975 to 1,050 bbls. Home-Millarville No. 4 has been increased from 475 to 490 bbls, giving the well ranking as eighth largest in the field. The changes in the Home quotas has raised field allowable to 27,118 bbls. per day.

* * *

Rig Regal Well

Rigging is under way at the Regal Royalties Ltd. No. 1 location on the central flank. The well is scheduled for spudding in about two weeks. Exact location is L.S.D. 14 24-19-3w5. Gross royalties against the well total 25%, including 10% to the Alberta Government, 10% to Okalta Oils and 5% to others. A total of $150,000 to cover drilling costs has been subscribed for 50% preferred net royalties, on the basis of $3,000 per 1%. Each 1% is preferred to the extent of $3,250. The preferred royalty holders include: Vulcan Oils, 15%; National Petroleum Corp., 10%; A. H. Mayland, 10%.

Broulan to Pay First Dividend

Disbursement of 3 Cents a Share Will be Made on September 30

At a meeting of directors held this week, Broulan Porcupine Mines declared an initial interim dividend of 3 cents a share payable Sept. 30 to shareholders of record Sept. 16. The dividend involves a total distribution of $80,820.

Current production of the company is running around $100,000 monthly of which about $40,000 a month represents net profit after all charges including taxes. The company's new mill is slated to tune up about Oct. 1 when production will show a slight increase. Net profit after all charges is then expected to amount to around $45,000 monthly.

New Mill to Cut Cost

Total operating costs based on present mill tonnage are running at $4.50 a ton. It is estimated that this figure will be reduced to $3.50 a ton with the new mill in operation. Higher write-offs for depreciation will prevent the full improvement in the operating position being reflected in net profit, however.

Underground development continues to show favorable results, it is stated. With work continuing to discover new ore and ore reserves already substantial, there is no current need for carrying operations to greater depth, the management feels.

Milling operations were commenced last November and operating profits realized since then have allowed the company to erect a mill costing slightly over $300,000 and to announce the present dividend of $80,000.

Paymaster Net Sets Record

Production and Profits Both Hit New Peaks and Ore Reserves Maintained

The best results in its history were enjoyed by Paymaster Consolidated Mines in the fiscal year ended June 30, 1940, the company's annual report reveals. Highlights are as follows:

Operating profits at a new peak of $463,415 compared with $344,287 the preceding year.

Net profit after all charges at a new high figure of 1.6 cent a share as against 1.1 cent a share.

Production up over 16% from the previous year at $1,665,847.

Ore reserves up about 1,000 tons at 708,943 tons averaging 0.228 oz. a ton, the same grade as the previous year.

Owing to the regulations of the Foreign Exchange Control Board and the increased provision which has been necessary for taxes, it has been found impossible to declare another interim dividend at present, the company states, but it is anticipated one will be paid before the end of the calendar year.

Re-treat Tailings

During the 1940 fiscal year the company placed a new tailings re-treatment plant in profitable operation. Production of $1,665,847 during the year was obtained from treatment of 203,558 tons of ore and from tailings re-treatment.

During the year, a drive was completed west and south from the No. 5 shaft to the No. 3 shaft and diamond drilling was carried out. Ore is being principally drawn from 1,225, 1,400 and 1,575-ft. levels of this shaft. New stopes are being worked down to 2,075 ft.

Income and Surplus Account
Years Ended June 30

	1940 $	1939 $
Bullion production ..	1,665,847	1,430,879
Add: Other income ..	23,906	24,920
Total income	1,689,753	1,455,799
Less: Diamond drilling	42,764	45,909
Drifts & crosscuts .	288,196	243,646
Sinking, stations & sumps	9,994	......
Mining	548,125	537,005
Ore transport	17,346	22,057
Crush. & conveying	27,179	31,888
Concent. & extract.	159,223	132,332
Taxes & insurance .	12,701	13,192
Bullion mktg. chgs.	21,390	18,789
Mgmt., off. sals. & exp.	54,348	41,122
Guarding property .	8,565	......
Misc. gen. expense .	31,894	22,321
Transfer expense ..	2,980	3,176
Directors' fees	1,633	75
Profit for year	463,415	344,287
Less: Depreciation ..	255,984	240,396
Prov. for income tax	‡69,071	5,055
Net profit	138,360	98,836
Less: Dividends	172,582	172,580
Surplus for year	*34,222	*73,744
Add: Profit on secs. sold	......	2,854
Adjust. Work. Comp.	......	12,952
Less: Prev. deficit ...	320,110	217,172
Paid to pres. & vice-pres.	......	45,000
Deficit forward	354,332	320,110

*Loss or deficit. ‡Includes estimated excess profits tax.

Earnings per Share and Dividend Record:		
Earned	$0.016	$0.011
Paid	0.02	0.02
Shares Outstanding ..	8,629,090	8,629,090

Will Use Copper For Patriotism

From Our Own Correspondent

OTTAWA.—As a patriotic contribution toward the country's war effort, Hydro-Electric Power Commission of Ontario has agreed to use copper in place of aluminum for its big new high-tension line from Beauharnois to Burlington.

This change will release something like 1,100 tons of aluminum for war purposes, The Financial Post is informed.

Use of aluminum as a "conducter" for various types of electric power equipment is the most important single non-war outlet for the metal. If other industries follow the lead of the Ontario Hydro and co-operate in similar substitutions a very considerable amount of the white metal might be released for war purposes.

Already the aluminum industry is being operated under strict control so as to prevent the metal being used in anything but the most essential work. Voluntary assistance in co-operating in this programme is of vital importance in speeding and furthering the conservation of present resources.

Canada New Centre in Defense

(Continued from page 9)

depends on the ability to "contain" (or blockade) Europe.

America today occupies in world strategy much the same place as the island Kingdom of Great Britain occupied in the days of sail: with water all about it, it is safe and unconquerable so long as it possesses the control of the sea.

Canadians are probably thinking of the Ogdensburg agreement as primarily a device of helping Britain to victory. To the American public it is more likely a device for defense of this continent. There is a difference in emphasis but not in purpose. To Canadians Great Britain is of importance in and for itself; to Americans it is rather a strategical position, an advanced base from which the task of "containing" Europe can be much more easily performed than from this side.

Two "Front Lines"

If a line be drawn down through the American advanced bases in the Pacific Ocean, Dutch Harbor, Hawaii, and southward, its average distance off the American coast will be found to be about 2,000 miles. This is the outer line of trenches against Japan. If a similar distance were measured off the Atlantic coast, the line would run through Iceland, Ireland, the Azores, Ascension Island and Saint Helena. The advanced Atlantic outposts of the American continent are close to the coasts of Europe and of Africa. How valuable these advanced posts would be in containing the foe no service man needs telling. It is to be sincerely hoped that the Joint Board, keeping in mind these positions and others like them, will immediately devote itself to a study of Atlantic strategy.

Let us take a leaf out of the enemy's book: the new study, geopolitics, originated by the German Haushofer and others, has already paid our foes handsome dividends in directing their aim; Norway may be cited as a shining example.

If the Board studies the problems of the Atlantic it will inevitably decide that the most important of advanced bases, Great Britain, must be maintained at all costs. Fifty old destroyers will appear a bagatelle indeed for that advantage.

It will then run its eye down the map to the Azores. That group of islands is the key to the central areas of the Atlantic; either they must be controlled by the American continent or there must be complete assurance that they cannot fall into enemy hands. Farther south lie the means by which the potential foe could be kept out of South America, the present island bases of Great Britain.

Less Afraid of Self-help

Whether the Board can persuade Americans to cast their glances so far afield is problematical. So far the American public has only got as far as the inner ring of defenses and it has taken a great deal to get it so far. But with concession of bases assured to the United States in Newfoundland, Trinidad, and perhaps Bermuda, it may be that the strategy of the Atlantic as a whole will become somewhat clearer and that American opinion will not be so afraid of protecting its own interests as it has heretofore been.

What is Canada's place in all these far-flung conceptions? Canada is not a great power and cannot perform the duties of a great power. Canadian brains, muscles and supplies are as good as are to be found, but they are limited in quantity. Canada therefore must continue to play a somewhat auxiliary role. We have no battle fleet to station in the Azores or elsewhere, and since the only way in which we would be likely to acquire one would be through the British fleet having to retreat across the Atlantic, we do not want one.

Incidentally, it is a mistake to think that the British Navy could retreat across the Atlantic, if the worst came to the worst. Much of it would have been shattered. Much of it—the multitudes of small craft—auxiliaries, depot ships, etc., could not be fueled for the Atlantic crossing. Many ships would be in dry dock refitting, and so on. All shore establishments would be lost. It would only be the ghost of a fleet that got across the Atlantic, and what there would be of it would have to be based on American ports, rather than Canadian, because of our lack of facilities.

Remember Norway

For us it is our own Atlantic coast line that is of first importance and it is our duty to devote every effort to ensuring its inviolability. It is good news to learn that we have advanced our responsibilities to include Newfoundland, key to the whole Atlantic coast. Rumors of Nazi plans for the sudden seizure of this front door of ours, together with Iceland, are going about. They are not entirely fantastic. The bold rape of Norway under the very eyes of the British and French fleets warns us that our foes are not lacking in daring conceptions and the audacity to carry them out.

With respect to the other outworks of the Atlantic arc, from Bermuda down through the West Indies to Trinidad, it is to be hoped that the Canadian Prime Minister will not continue to hold the narrow view of our affairs that was embodied in his words as reported the other day to the effect that the West Indian islands, as Crown Colonies, are Great Britain's affair. Legally they may be, but actually they concern us as an American nation more than they do Great Britain and we should be bold enough to make the necessary decisions about them. In matters of this continent Great Britain must and will accept our guidance.

There remains the large category of problems having to do with personnel, local tactical plans and material.

Our defense effort consists of armies sent abroad, naval and air co-operation with allied powers wherever expedient, and in a defense programme of growing intensity for our actual shores and for Newfoundland.

As long as Great Britain holds out, our own Atlantic coast constitutes our second line. If, which God forbid, the first line were to crumble, the second line would at once become crucial—and, in extent, tremendous.

Enemy Bases Here Possible

It would extend from Greenland to Grand Manan. It would include Labrador and Ungava, the great northland up above the Prairie Provinces, Hudson's Bay in its entirety, and the Arctic islands stretching up toward the Pole. Even now it would be possible for long-distance German planes to land in remote areas east or west of Hudson's Bay and there establish small local depots. If they could secure some advanced position they would be able to do that fairly easily and perhaps put down gasoline dumps on hidden lakes, from which smaller craft could operate against our populated areas.

Since these distant Arctic or wilderness positions would require observation rather than to be held in force, we could probably provide man power enough for all our domestic defense, far-flung as it ought to be, without calling on the United States, and up to a point we could arm and equip these men. But for the more intricate and expensive forms of armament we should have to look to the Americans.

It would only be common sense not to attempt to duplicate their production facilities: for example, would we be justified in building all forms of artillery in this country if we could have access on sure and equitable terms to American productive capacity? For a large range of material the equipment of our army and air force should be after American models, not British.

It may be necessary to have a double standard in our defense: British-type equipment for forces serving in England; American type for those at home, or near by.

May Have Full Assimilation

A better solution still, though one possible only in a long future, would be assimilation of British and American material. It must be emphatically stated that at the moment we are not justified in using equipment for our own defense that has to be procured in England. Consider what happened not long ago to our supply of airplanes. Everything should go the other way.

For the present our navy will have to stay as it is, because we cannot as yet build large fighting ships in Canada. That problem may solve itself: we have only a few destroyers and if some of them are lost, it hardly seems at the moment that they could be replaced from Great Britain. The chances are that we shall end this war with auxiliary craft built in Canada and with a number of "used" American destroyers.

It would certainly seem the part of wisdom, if we are going to have a navy, not to trust to getting ships built in the ports of a country in a state of siege, which needs every vessel it can turn out: the advanced base should not be the munitions factory.

All three services will have to think far more in Canadian terms than they have been in the habit of doing. The average Canadian conception of war heretofore has been that of an expeditionary force sent to France and there made part of the British Army. There has not been much thinking in terms of the defense of Canada. Now there must be.

Ski and Canoe Battalions

That means adaptation to the Canadian environment. It means winter training, operations in the snow and in the deep woods. It means ski-battalions, even canoe brigades trained on the lakes and rivers of the north. The Russo-Finnish war of last winter was fought under conditions of climate and terrain remarkably similar to those of our Canadian northland. There is a close model for us, for the foe will not necessarily come in the summer and in the open country. Adaptation to our Canadian environment will involve observation posts on lonely Arctic islands, airbases on the rocky coasts of Labrador and elsewhere, naval patrols and defenses in Hudson's Straits.

In some of these tasks the Americans will assist us, especially in providing material, but most we shall have to perform alone. They are our responsibility and our privilege. Only by showing our neighbors that we have the insight into the problems and the will to master them, can we preserve our national self-respect and perhaps our national existence.

For make no mistake about it: association with even a friendly giant 12 times your size cannot avoid bringing its problems, no matter how much mutual goodwill there be. Remember, too, that little men sometimes possess a concentrated energy which enables them to dominate the situation.

Continental defense, worked out to its logical limits, would—or dare I say, will—bring the United States so directly into the centre of the Anglo-Saxon and associated worlds that they would soon be gravitating about the republic. If it still has these manly qualities it formerly possessed and can rise to the greatness of its task, a new future will open for mankind.

For Canada the problem of problems would be solved and her national soul cease to be torn between her two parent peoples.

World Voice For Canada

(Continued from page 9)

ture for tourist advertising, trade promotion, trade commissioners, etc.

Some current broadcasting costs would be materially reduced with short-wave facilities. The current series of talks, "Let's Face the Facts," is carried in Great Britain at enormous cost to Canada since the Atlantic crossing can be made only by the tremendously expensive beam wireless. Few Canadian programmes reach other parts of the world because of lack of short-wave facilities and the high cost of alternative transmission.

How good would a 50,000-watt short-wave station be? What could it do?

It would be heard around the world, according to radio experts. There are four separate factors which determine how well your radio brings in Lord Haw-Haw, for instance—the time of day, the season of the year, the weather and your relation geographically to the broadcasting station. The first three factors are understandable. The fourth, one of the more esoteric problems of broadcasting, involves those baffling and disconcerting problems of terrain, geology, etc., which result in certain communities finding it difficult or impossible to hear even the most powerful of near-by radio stations.

Short-wave emissions are beamed—i.e. fired in one direction depending on the area for which they are intended.

Given these variables, which, like the dew from heaven falling on the just and unjust, affect both Nazi and anti-Nazi stations, Canada's proposed transmitter would girdle the world with Canadian news and views with as much or more efficiency as Daventry or other European stations.

Arms for the Idea-Front

Immediate desirability of these facilities is evident from the limited and precarious situation of the British stations, from the importance at this time of action on the "idea-front"; from the obvious weakness of deserting one whole battlefield to the enemy and permitting him to fill the air with lies unanswered.

Canada has a real story to tell the rest of the world; a story that so far has had pitifully small hearing abroad, as any Canadian traveller in Europe well knows. He is taken either for an American or an Englishman. His country is almost as unknown as Baluchistan.

Antiseptic

Canda's story—and it's a story that would do a big part of the world a lot of good—is of two peoples, one large, one small, who have worked out a neighborly way of living together; of handling mutual problems and differences over a table instead of over a battlefield.

It tells of a nation, made up of two races and two religions, which has done better than most other parts of the world in preventing persecution of one group at the hands of the other; in creating a nation with a glorious heritage and momentum for the future.

That's a story that hardly any other country can tell these days; a story whose recurrent insinuation would of necessity have a cleansing effect on the diseased minds of Europe.

Heirs of "Old France"

One job in particular Canada has: the French population of the Dominion, heirs to the language and culture of the "old France" of its greatest days two centuries ago, is now left almost alone to carry on the bright torch of French culture.

Madame Genevieve Tabouis, the famous Frenchwoman and journalist, friend of kings and presidents, now a refugee in this continent, has said: There is now no difference between occupied and unoccupied France. Both are being rapidly Nazified. As suppression of news made the plotting of a small knot of high French officials possible and brought the downfall of France, so, Madame asserts confidently, as soon as the French people learn what has really happened to them, these old masters of revolution will throw off the Nazi yoke and bring back freedom.

Short-wave radio is the only way Frenchmen will find out the truth of their nation's fate. Who better is there to tell them than spokesmen of "New France."

No Longer Problem

In pasts months and years, officialdom has hemmed and hawed about a short-wave station on the argument that "the Americans won't like it . . . It will be interpreted as out and out propaganda."

In the early months of the war the English visitor to America was, it is true, widely suspected of having sinister intent and seductive powers for dragging America into the war. Then the matter was one of some delicacy. This, despite the fact, of course, that there is hardly a single Canadian home not nightly seduced—in the expert manner—into admiration of the delights and benefits of deeds and products American.

Today, America stands plain spoken in her conviction that the cause is mutual; that, together, United States and Canada must preserve and develop their national lives.

Peacetime Asset

Not by any means are all the arguments for short wave based on wartime needs alone.

Canada alone of the important nations in world trade and affairs is without major short-wave facilities.

In peace, this country does an enormous amount of advertising in other countries of the world, helping to sell our goods, helping to foster mutually profitable trade. It is widely regarded an excellent guess that no matter what the outcome of this war, Canada's trade problems are going to be greater than ever, for some years to come.

The tourist trade is, of course, of the greatest importance, especially in wartime when U.S. dollar exchange is so vital.

Keeping Canada—its affairs, its celebrations, its attractions and its people—in the loudspeakers of the world is now a proved successful form of promotion, whether it be national, commercial or individual.

Time-zone Helps

South America, many of whose republics seem fearfully flirtatious with Nazis, is definitely one of the new problems Canada has embraced with her new pact with United States for defense; a problem none the less great because nothing was publicly said about it.

Both there and in United States the Canadian short wave would have a definite advantage, because of the difference in time zones. European and Nazi short-wave broadcasts reaching this country in the evening nearly all have to be specially performed for the overseas audiences because good listening hours here are the small morning hours over there.

Canadian short wave would have no such difficulty, so far as the two American continents are concerned and would have the additional advantage of having fewer competitive stations on the air during the most important broadcasting hours.

Better for Canada

Of course, not all the advantages of a short-wave station would be in the foreign field. Such a service would add materially to the coverage now given within Canada.

Save for a small area around the transmitter, programmes being broadcast to Europe, for instance, would be heard throughout eastern Canada and the Maritimes, thus supplementing present service and offering greater variety. Programmes being beamed to Australia following the shortest (Great Circle) route, would be heard throughout western Canada.

Taking full advantage of the difference in time zones, the service could be efficiently divided between domestic and foreign, doing a big job abroad, providing for some homes in Canada better reception, for many greater variety.

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A Few Bits of Nazi Tripe From Europe's Air Waves

PM, the new daily newspaper of New York gives a daily report of what's being said on the world's air waves. Here are a few exerpts from their reports of recent days.

Today Canada has no means whatever for countering these mendacities and Britain's means are very limited.

"The English have already lost the war and we are glad of this hour of revenge to see fall those men who intended to destroy us."

"All foreign correspondents are held in London so as not to see the terrible destruction of our fighters."

"England is feeling that her last hour has come. Hush, hush, you poor Englishmen."

"I should like to see organized in the United States," said an ex-U.S. citizen"—Now on Dr. Goebbel's staff—a club whose purpose it would be to promote a better understanding between the U.S. and Germany. It might adopt for its slogan: "Don't scold your best after-the-war customer."

Listeners to the Berlin short wave a few nights ago learned that they are in a phase of acute hysteria "caused by the devilish British propaganda which has succeeded in making America believe it is endangered by the peaceful aims of Germany."

A few nights later Axis short-wave beams redoubled powerful propaganda appeals to South America, the most dramatic being a Rome broadcast urging the thousands of Italians living in Brazil to form a fifth column for collaboration with the Fatherland.

Another night: Berlin concentrated all short-wave efforts on "strict American neutrality and no aid to England." Some of the arguments were: "The British fleet is a constant threat to American shipping in the Americas . . . Germany, after she has won the war, will turn to the U.S. for war materials. That's business . . . Why should Germany want to attack America . . . The only ill-feeling is on the American side of the fence."

To this sort of thing Canada now can only remain silent.

Long Distance Stock Pushing

Stock Salesmen in Toronto Said Telephoning As Far As Vancouver

From Our Own Correspondent

VANCOUVER.—The old "long distance sales" stunt has broken out under a slightly different guise during the past few weeks in Vancouver, according to W. L. Templeton, manager of Vancouver Better Business Bureau.

On two occasions during the past week high pressure stock salesmen in Toronto have telephoned to persons in British Columbia advising them to buy certain unlisted stocks, reports Mr. Templeton.

Advise Switching

"The plan is the old 'sell and switch,'" says Mr. Templeton. "Perhaps a year in advance, these brokers sent out offers of 'free' information on security holdings to a selected list of prospective clients in British Columbia. These persons acted on their suggestion and enquired about certain stocks which they own.

"The reply the person gets in return is couched in conservative terms, and the holder is assured that his securities are good—for the present. In this way the salesmen are able to list their correspondents as customers and they know what their holdings are—important information for future operations.

Use Prominent Names

"When they eventually telephone, if they meet sales resistance, they advise selling the stock their 'customer' holds and placing the funds in the unlisted stocks they recommend. They also often use the names of very highly placed citizens who, they say, have been purchasers of large blocks of stocks in the mining company now recommended."

Pantepec Oil Reports Higher Production

Production of the two El Roble, Venezuela, wells of Pantepec Oil Co. has shown considerable increase in recent months, according to W. F. Buckley, president.

Output of 30,160 barrels for May was increased to 94,535 bbls. in June and 87,488 bbls. in July. From Aug. 1 to 12, production was 33,950 bbls., an average of 2,830 bbls. a day.

The El Roble No. 3 well was drilling below 5,590 ft. on Aug. 12 and the No. 4 well was expected to be spudded in shortly. The latter well will be the 20th well put down under the Pantepec-Standard Oil drilling agreement.

Since the gravity of the crude oil from the two producing El Roble wells is about 43 degrees, production has not been restricted as at the majority of other Venezuelan wells whose crude is stated to average below 22 degrees gravity.

MACASSA DIVIDEND

A dividend of 8 cents a share has been declared by Macassa Mines payable Sept. 16, 1940 to shareholders of record Aug. 31; ex-dividend date is Aug. 29. Similar dividends were paid on Mar. and June 15 of this year.

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Porcupine Stretches East

Broulan, Hoyle and Bonetal Add to Gold Riches

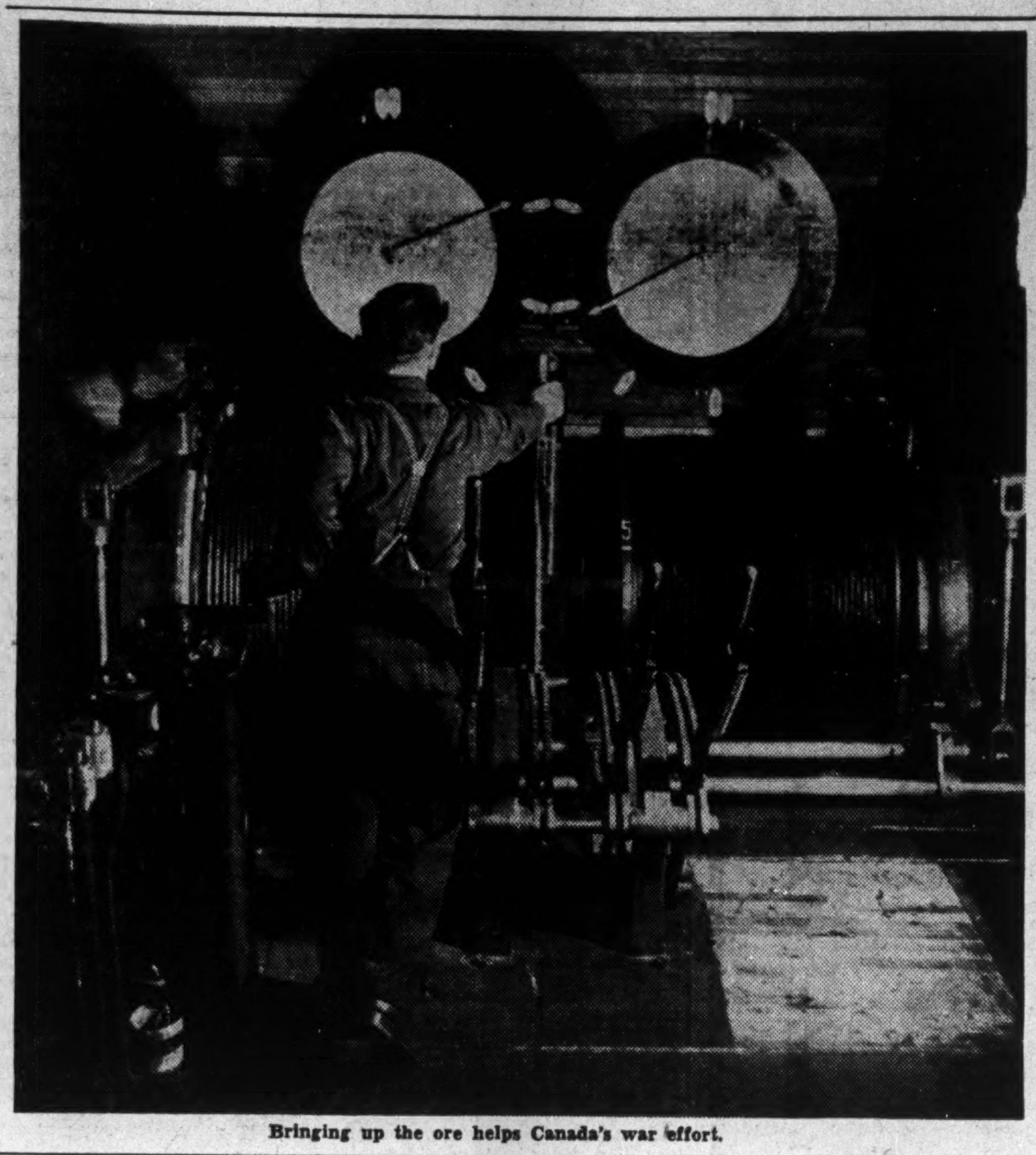
By GORDON M. GRANT
Staff Writer, The Financial Post

Expansion of mining operations in the northeastern part of the Porcupine area has been one of the outstanding developments in Canadian gold mining this year.

Two companies, Broulan Porcupine Mines and Hoyle Gold Mines, have made decisions to erect mills while recent drill intersections at the property of Bonetal Mines suggest that a third new mine may soon be in the making there.

Northeast Porcupine's growth has been chiefly connected wtih newer properties, for the two senior producers, Hallnor Mines and Pamour Porcupine Mines, have shown little recent inclination to step up the scale of their operations. With ore deposition now being found over a wide area, however, it is possible that the older properties will broaden out into wider exploration.

Development of a number of new properties in northeast Porcupine brings fruition of a search which received a tremendous impetus when Pamour Porcupine was first developed. Work at that time resulted in the bringing into production of Hallnor Mines. Now the full potentialities of other properties in the area are being more fully realized.



Bringing up the ore helps Canada's war effort.

Hoyle Builds Mill

Hoyle Gold Mines is the most recent company to decide to build a mill. Its unit will have a capacity of 400 to 500 tons per day. Finances for this are being provided by $200,000 raised from sale of shares and a bank loan of $175,000. Some months ago ore reserves were estimated at 1.3 million tons averaging 0.124 oz. gold per ton. This tonnage was all calculated for above the 600-ft. level while work is now proceeding down to 1,800 ft. depth.

Since the decision to put up a mill, Hoyle's mining efforts have been concentrated on preparing to deliver ore to the mill. This work is stated to have so far confirmed values and widths obtained in diamond drilling when ore was being outlined.

While only a limited amount of ore has been exposed so far at the 1,800-ft. horizon at the Hoyle mine, exploration has been confined to the section west of the shaft and not in the area to the east where the downward extension of the 600-ft. level ore would be expected.

Since ore dimensions are great, a substantial margin of operating profit is anticipated through low mining costs.

Broulan Readies Mill

Since last November, Broulan Porcupine Mines has been shipping ore to the leased mill of Mace Gold Mines at 300 tons daily. In order to secure the economies offered by operation of a new mill and elimination of shipping costs, the management earlier this year decided to erect the company's own mill. It is now expected that this mill will turn over about Oct. 1, delays in delivery of equipment holding up milling at an earlier date.

Possibility of operating both the leased Mace and the company mill is now being considered. The company's new mill will have a capacity of 300 tons daily and may possibly treat 350 to 375 tons daily. If operation of both is found feasible, a total of 650 tons of ore daily may be treated. Some additional equipment, including a new hoist, would be needed to handle the larger tonnage.

Development has yielded very satisfactory ore results in 1940 which lead officials to believe that the mine could handle a tonnage of 650 tons daily for a considerable period. In the first quarter of this year, ore reserves were increased 80,000 tons to 543,000 tons of 0.254-oz. grade. Since then work is said to have indicated the possibility of opening up a large tonnage of ore in an area to the south.

Financing of mill construction has been entirely taken care of by profits realized from milling operations.

Bonetal Cuts Ore

A new study of previous results at Bonetal Mines and a study of results obtained at the adjoining property of Hallnor Mines resulted in a new programme of exploration being started by Bonetal a short while ago.

Results of the diamond drilling have been impressive and suggest that one or more new ore bodies may be outlined. However, the management wants to carry out 10,000 to 12,000 ft. more diamond drilling before making plans for going underground. The new ore is north of where considerable diamond drilling and underground work were carried out some time ago when the property was under option to Noranda Mines.

Diamond drilling is now going ahead with two drills. Present work has been carried out in a section extending up to 500 ft. from the Hallnor boundary, and, the company has approximately 2,300 ft. more property to the west remaining to be tested. Hole No. 21, at the west end of the new drilling, returned two ore intersections, one of 0.68 oz. over 9.8 ft. of core and a second of 0.30 oz. over 6.5 ft. The next hole, 100 ft. to the east, returned 7 ft. of core running 1.04 oz. Values were also returned in the holes father east. Present attention, however, is focused on drilling to the west, as values so far have improved in that direction.

The new Bonetal ore is north of the main Hallnor ore zone. With Bonetal's success, Hallnor on one side and others to the west may attempt to pick up extensions or repetitions of the Bonetal values.

Different Types of Ore

Although values are often low in this section of the Porcupine camp, characteristics of the ore sometimes lend themselves to the sorting out of waste material to give more profitable mill heads.

At Broulan Porcupine Mines what is known as a "split belt" is being used for the sorting of waste rock. Results have been so satisfactory the same method will be used at Hoyle Gold Mines.

Hoyle has the option of mining a very large tonnage of lower-grade ore or a smaller tonnage of medium-grade ore. Although only actual practice will determine the exact method of operation and the quantity of material that can be sorted as waste, it appears at the moment that a large mass of lower-grade material will be mined with the waste sorted out. Of course, if sorting is not as satisfactory as anticipated, selective mining may be used with a consequent higher average grade but a somewhat smaller tonnage.

Both Broulan Porcupine and Hoyle are fortunate in having ore that lends itself to sorting. This is because the ore can be readily distinguished from the waste rock as it passes over the picking belt.

Pamour may secure some of the Broulan type ore in its present exploration toward the Broulan property. If this happens, it might be yet another to benefit from sorting. However, considerable time must elapse before Pamour's underground exploration will reach the Broulan vicinity.

Royalty Dealers Hear Minister

Alberta Minister of Mines States Oil Development To Be Encouraged

From Our Own Correspondent

VANCOUVER. — Addressing the B. C. Royalty Dealers Association in convention here, Hon. N. E. Tanner, Alberta's Minister of Mines and Resources, reassured the oil industry that, so far as his government was concerned, every encouragement would be offered wildcatters and prospectors.

"No commodity is more important than oil, especially in wartime, and the Alberta Government is conscious of the industry's value," said Mr. Tanner.

Urges Simpler Market

Simplification of trading in oil royalties in order that a free, open and unrestricted market may continue, was urged by E. K. deBeck, British Columbia's superintendent of brokers, who also warned against misrepresentation by salesmen.

"In the evolution of the royalty as a security, you should endeavor to simplify and make easy the trading in royalties. So long as the capitalistic system prevails, the economic law of supply and demand governs prices as inevitably as any law of nature."

Mining Enquiries

Hard Rock

Can you tell me what the earning potentialities of Hard Rock Gold Mines are at the present time?

From production reported so far this year, it appears that profits of Hard Rock Gold Mines are running considerably above the level of 7.8 cents a share reported for the last fiscal year. Output is currently around $290,000 quarterly compared with a quarterly average of about $225,000 in the fiscal year ended Feb. 28, 1940.

If all the extra production realized this year were profit, the earnings rate would be approximately doubled. However, this is not likely since the company is mining on a larger scale and a new roaster is in operation.

Apparently the company does not plan to pay dividends at a fixed rate. An initial dividend of 4 cents a share on Dec. 30, 1939, was followed by a second dividend of 5 cents a share on June 29, 1940. Ore reserves are sufficient for around six years and possibilities of extending present ore showings appear to be favorable.

Jellicoe Mines

What is going to happen at Jellico Mines?

Jellico Mines (1939) Ltd. is permanently discontinuing operations on its property in the Little Long Lac area. S. G. Tobin, president, stated in a recent letter to shareholders that underground development had been disappointing. No additional ore of economic grade was located. The directors have been forced to the conclusion that, so far as can now be seen, they have exhausted the chance of developing a profitable mine.

Some additional cash remains to be received from a portion of the ore which has not yet been milled, it has been stated, and also from the sale of plant and equipment which is now proceeding. When these returns have been received, a balance sheet is to be submitted to the shareholders.

Dome Mines

Does the decision of Dome Mines to pay dividends in Canadian funds denote any weakness in the company's position?

To those who have followed the affairs of Dome Mines, the decision to pay dividends in Canadian funds does not come as a surprise. For several years earnings have been around $2 a share, the amount that was being paid out in dividends in United State funds. The outbreak of war made American dollars more expensive to secure and payment of dividends began to take nearly half a million dollars more than in peacetime. Earnings were not less; dividends just took more.

Commencement of dividends by the Dome subsidiary, Sigma Mines (Quebec), seems to suggest a strengthening of the company's earning position. Ore reserves at Dome and Sigma are substantial, and both the company and its subsidiary should be in a good position to cope with any rise in costs. The danger of rising costs is now much greater than before the collapse of France, but the rise to date has not been so great.

Bala Manganese

What do you think of the possibilities of Bala Manganese and the manganese situation?

The success of Bala Manganese Mines Ltd. appears to depend chiefly on the proving up of a supply of ore; this has not yet been done.

During 1939 Canada imported around 60 million pounds of manganese oxide, valued at $621,931. About three quarters came from the United States, most of the balance from British South Africa. In the same year, commercial shipments from Canadian mines totalled 396 short tons valued at $3,688, mostly from mines in New Brunswick.

Bulk of the manganese consumed in this country is used in the manufacture of iron and steel. This branch of industry has been operating at a high level for some time, and if this situation continues the demand for manganese is likely to be proportionately great. Similar conditions exist in the United States. This and other factors have brought about a substantial increase in the prices quoted for manganese ore in that country. For example, Brazilian ore of a certain grade, quoted at 27c. per long ton units at Aug. 31, 1939, had increased to 47c. in May, 1940, according to figures quoted by the Dominion Bureau of Statistics.

The Consolidated Mining and Smelting Company of Canada, Ltd., in its annual report last March stated that a process for production of manganese has been practically completed by its Research Department. While the significance of this statement is difficult to appraise at the present time, the development of this process may have an important bearing on the future production of manganese in this country.

Adanac — McWilliams

Can you provide me with some information about Adanac-Quebec and McWilliams-Beardmore?

Adanac-Quebec Mines Limited holds 30 claims in Rouyn township, Quebec. A shaft has been sunk to 500 ft., and lateral work done at depth of 125 and 250 ft. While the company has not carried out any development for some time, we are informed that efforts are being made to have the property geologized and surface showing samples. Under more favorable conditions, it is hoped that finances may be obtained which will permit further work on the property.

Authorized capitalization consists of 2,500,000 shares, $1 par, of which at last report there were 1,677,814 outstanding.

McWilliams - Beardmore Mines Ltd. own 715 acres adjoining the property of Northern Empire Mines to the south. A report recently received from the company shows no activity in the past year. This company also is apparently awaiting an opportunity to obtain funds before proceeding.

Authorized capitalization consists of 3,000,000 shares, no par value, of which 50% are outstanding.

Molybdenite

I have a substantial body of molybdenite. How would I go about bringing it to the attention of the government or other interested parties?

We have received your enquiry regarding the steps to be taken in connection with a deposit of molybdenite ore. If you have not already done so, we would suggest that you take immediate steps to ensure that the mineral rights of the property on which the deposit is located are properly registered. Information regarding may be obtained from the British Columbia Department of Mines at Victoria, B.C. It would not be advisable to take any steps toward developing the property until you are sure that your rights are protected.

Information regarding possibilities for marketing of molybdenite may be obtained from the Department of Mines at Ottawa.

Sullivan Consolidated

What is the present outlook for Sullivan Consolidated Mines? Are dividends likely to be greater this year than last?

Operating profits of Sullivan Consolidated Mines showed a slight increase in the first half of 1940 over the corresponding period of last year. Net earnings are likely as high as last year when 10 cents a share was earned. Officials seem satisfied with the present level of output and a further step-up in capacity is not being considered just now.

Last year 7 cents a share was paid in dividends and 6 cents has been paid so far this year. In view of the present indicated level of earnings, dividend distributions this year will likely compare favorably with last. The company is in a strong financial position. Development is well in hand and the company is not faced with any heavy capital expenditures.

Mining Concentrates

Brock Gold Mines has commenced shaft sinking on its property in the eastern section, Kirkland Lake area, adjoining Upper Canada Mines. Diamond drilling carried out gave indications of ore, it is stated. The shaft, now down 40 ft., will be carried to an objective of 650 ft. with four levels established, according to plans.

* * *

Canty Gold Mines will soon be shipping ore to the mill of Hedley Mascot Gold Mines at the rate of 50 tons daily, according to Wendell B. Ferris, president of the latter company.

* * *

DeSantis Porcupine Mines reports a slightly higher tonnage and total recovery for July as follows:

1940:	Tons milled	Tons daily	Recov. per ton $	Total recov. $
July	4,796	155	5.83	27,963
June	4,573	152	5.82	26,638

* * *

East Malartic Mines continued its shaft 107.5 ft. to 1,601.7 ft. during July with completion expected Sept. 1, J. P. Norrie, vice-president, states in the July progress report. During the month, broken ore reserves were increased 163,292 tons to 442,862 tons. A drill hole put out north from the third level east drift cut 9.3 ft. of ore running $8.19 a ton while a hole to the south from the fourth level west drift cut 20.6 ft. of $3.95 ore. These intersections were both in unexplored territory.

* * *

Granby Consolidated has cut in the 16,000 h.p. addition to its power plant. The new unit will provide sufficient power to operate a smelter if the company decides to proceed with construction of such a unit. Power is taken 2½ miles by transmission line to Allenby where the concentrator is located, and another 8 miles to the mine at Copper Mountain.

* * *

Goldbank Mines will carry out a programme of diamond drilling to explore vein showings at from 800 to 1,600 ft. depth, according to B. Allen, president. Two adjoining claims were acquired recently, bringing the company's holdings in the Kirkland Lake area to 415 acres.

* * *

Gold Eagle Gold Mines experienced an operating loss of $3,905 before depreciation, taxes and predevelopment charges in the three months ended July 31, 1940, the company's quarterly report reveals. During May and June, mill feed came principally from lower grade stopes of the mine due to "technical difficulties" in the high grade stopes of the second and third levels. Difficulties were corrected the latter part of June, however, and a profit was shown in July. Development is now being pushed on the 850 and 1,000-ft. levels. Production the July quarter was $90,020 from 11,391 tons, an average of $7.34 a ton.

* * *

Highland Surprise Mining Co., operating in the Slocan district of British Columbia, now has its mill in operation, R, W, Kennedy, president, reports. The first stope opened on the No. 3 level has proven about 30 ft. wide it is stated, with sufficient ore broken for a month's operation. The mill will operate at about 75 tons daily for the present. Highland Surprise is using the old Whitewater mill, ore being carried from mine to mill by tramway and truck.

* * *

Leitch Gold Mines has carried its shaft to 200 ft. below the 1,025-ft. level on the way to its objective at 1,650-ft. A series of five new levels is to be opened up. Structure so far encountered is stated the same as on upper levels.

* * *

Malartic Gold Fields completed its shaft to 679 ft. in July and loading pockets are to be established at this point. Underground drilling from the fourth level showed the westerly continuation of the "A" ore body with intersections over a length of 300 ft. as follows: 20.5 ft. averaging 0.26 oz.; 11 ft. running 0.21 oz., and 10 ft. averaging 0.52 oz. Crosscutting south at the second level to the east intersected 8.7 ft. of 0.36 oz. ore in "F" ore body. Production for the month was $107,270 from 12,719 tons of ore milled. This compared with $122,102 from 12,711 tons of ore milled the preceding month.

* * *

Preston East Dome Mines has declared its regular quarterly dividend of 5 cents a share payable Oct. 15 to shareholders of record Sept. 30. This is the third quarterly dividend to be paid.

* * *

Pickle Crow Gold Mines has declared its regular quarterly dividend of 10 cents a share payable Sept. 30, 1940, to shareholders of record Sept. 16.

* * *

Slave Lake Gold Mines advises the Toronto Stock Exchange that the option held by Bartlett, Cayley & Co. Ltd., of Toronto, to purchase $85,000 par value of 6% first mortgage bonds has not been exercised and an extension is probable.

* * *

Wood Cadillac Mines output was slightly lower in July as reported below:

1940:	Tons milled	Tons daily	Recov. per ton $	Total recov. $
July	6,182	196	6.74	41,581
June	6,577	219	6.37	41,918

Madsen Drive Opening Ore

Length of 100 ft. Runs $10.90 Over Average Width of 10.5 ft.

The large development programme being undertaken by Madsen Red Lake Gold Mines is now yielding interesting results it is revealed with the announcement that drifting has opened up 100 ft. of ore in the South Austin zone averaging $10.90 cut value over an average width of 10.5 ft. with the face still in ore.

The drifting now under way is being carried out at the 350-ft. level following completion of the 1,400-ft. drive from the main north ore body from which all the ore has so far been drawn. The South Austin zone was tested by surface diamond drilling when the main Austin was first located but this is the first time the zone has received testing underground.

To Do Flat Drilling

When further work has been completed, it is planned to put a diamond drill to work on the long drive from the north Austin zone to search for possible parallel ore shoots but there is not a drill available for this flat drilling at the moment. This type of exploration has yielded considerable ore in the North Austin zone.

Plans are now laid out for exploration of the McVeigh body indicated in drilling. It is believed that the strike of the tuff from the Austin to the South Austin zone carries it closer to the McVeigh which would facilitate underground exploration.

The 350-ft. level drive carries work much closer to the centre of the property than previously. Just beyond the indicated South Austin zone there is said to be a granite occurrence and certain favorable surface geology. It is likely that this area will be tested in the not distant future.

Reno Maintains Liquid Position

Meets All Capital Expenditures Save $105,000 For Central Zeballos

From Our Own Correspondent

VANCOUVER.—Reno Gold Mines has maintained its working capital close to the level of a year ago in spite of heavy expenditures to finance exploration and development, according to the report of Vice-president A. J. Hendry.

This report, however, makes no allowance for $105,000 expended on the Central Zeballos property, in which Reno has a 60% interest in operating profits. It is expected that Reno will receive back the entire sum this year.

Working Capital Up

Net current assets of Reno at June 30, 1938, were $388,073 and as at April, 1940, the date of the new balance sheet, they were $332,000.

Efforts to develop ore reserves at Reno have not been very successful, W. S. Ellis, general superintendent, reported but the Zeballos operation is profitable, with sufficient ore indicated to maintain operations on the present scale until the end of 1941.

Sheep Creek Sees Hope For Larger Ore Supply

From Our Own Correspondent

VANCOUVER.—Two and a half years' ore supply has been blocked out at Sheep Creek Gold Mines and this may be augmented soon, H. E. Doelle, managing director, informed shareholders at their annual meeting here. The mine has been holding its own in finding new ore, said Mr. Doelle.

Ore Hill development has not been conclusive yet, but results at the company's Tyee property in the Mount Sicker district of Vancouver Island will soon be known.

President Rolf Bruhn told shareholders that he felt all mining companies adequately financed should continue the seach for new properties, and that Sheep Creek was committed to such a policy.

New Well Will Benefit Union Gas Indirectly

Reports state that a natural gas well, with estimated daily output of 1.6 million cubic feet, has been brought in on the Blake-Miller farm, Malahide Township, 25 miles southeast of London, Ont. This has no direct bearing on Union Gas Co. of Chatham, which has large holdings in the Malahide field, but it suggests the field holds further promise for the company.

Union Gas is spending $150,000 during the current fiscal year, ending March 31, next, on a transmission line from its Malahide wells northwest to London. The company expended $236,613 during the 1939-40 fiscal year in starting the work, which includes 23½ miles of 10-inch line. It also involves construction of field gathering lines, purification plant and regulator station.

Of 36 producing wells brought in by the company during the 1939-40 fiscal year, 27 were in the new Malahide field. This production will augment the supplies from the Dawn Field, which has been serving London in the past.

Int. Petroleum Explores Field

Concession in Ecuador Ready for First Drilling Following Surveys

Exploratory drilling is about to start on International Petroleum's 10 million acre concession in Ecuador, the latest issue of the Imperial Oil Review states. For some time now geological parties have been at work making the preliminary surveys.

The present tract was acquired in June, 1939, for exploration and development if justified. Under the terms of the agreement with the government of Ecuador, the company has four years in which to study the concession, but it is expected that this preliminary work will be completed well in advance of the period provided. In the summer of 1937, an exploration concession of 500,000 acres of Ecuador lands was secured on the west coast but this proved unpromising.

Present survey party includes 10 engineers, six geological parties and four geophysical parties, the latter comprising three gravity meter and one magnatometer crews. Light trucks are used for transporting equipment during the dry weather, with launches and outboard motors used on the rivers.

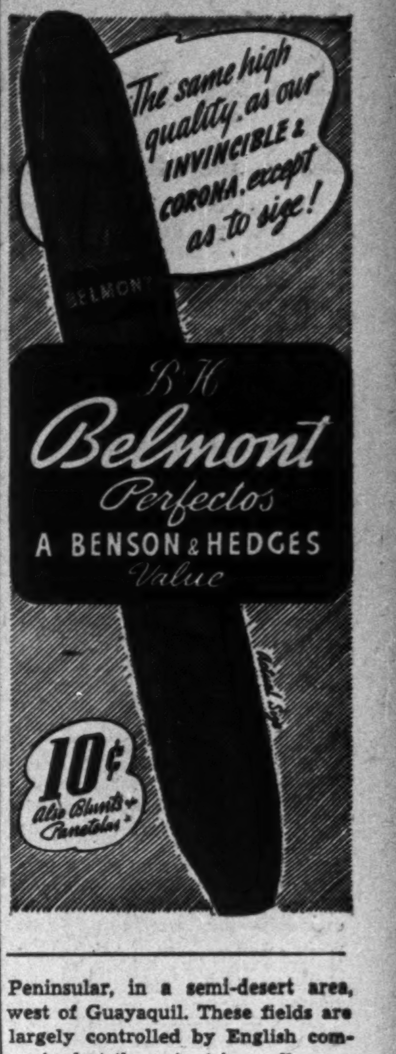
On narrow trails, burrows are used for packing supplies. The mapping and study parties are in the field for five to six months at a time, leaving the field in the rainy season to study and prepare the data collected. Short wave radio is used to keep field parties in touch with headquarters.

Conditions Difficult

Transportation, climatic and other difficulties have to be met but International Petroleum's experience in the neighboring countries of Colombia and Peru is of great assistance.

Only oil fields so far discovered in Ecuador are on the Santa Elena Peninsular, in a semi-desert area, west of Guayaquil. These fields are largely controlled by English companies but the output is small.

In the early '30's, International Petroleum Co. drilled several wells on or near the Santa Elena Peninsula and two wells near the area of the concession acquired in 1937 but did not succeed in developing commercial production.



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Canada May Never Be Bombed But—

This man has survived 132 air raids. Here he tells how he helped organize communities to meet these hazards. He thinks Canada will never have to use the advice he gives, but here it is for those who like to weigh possibilities.

A few weeks after the Jap-China war broke out in 1937, Dr. Robert McClure was at the front line organizing hospital and medical aid for the combatants. As the son of a missionary "Bob" McClure had spent most of his life in China. One of his unique contributions had been the organizing of "branch" clinics—a sort of rural medical system which became the basis for a wartime medical network which was responsible for saving thousands of lives.

Until he was injured in a truck accident the end of last year he served as medical field director for the International Red Cross, first in Northern China and later in West (free) China. He lived and worked through 132 air raids, gained valuable first-hand experience as to the effect of war on non-combatants.

Dr. McClure is now doing special work in Canada and the United States for his peacetime employer—the Missionary Board of the United Church of Canada. He graduated in Medicine at Toronto, took post-graduate work at Chicago, returning to China as medical missionary in 1924.

By **DR. ROBERT McCLURE**

It was a nice sunny, warm day in May, 1938. Just as we sat down to lunch we heard the hum of airplanes overhead. My host and hostess did not seem in the least disturbed. But the sound put me off my food at once. They said they could not possibly be enemy planes for while we were in North China and the enemy were coming slowly toward us yet they were several hundred miles away. They had other reasons why their city would not be visited by enemy planes. For one thing they told me there were no military objectives near the place, another was that it was a cultural city not a manufacturing city.

They were living in that romantic age when cultural institutions were supposed to be immune from military interference.

As the drone of the engines came closer I insisted on going out and getting into a trench. Then things did begin to happen.

The railway station was hit, then things nearer us began to get hit. When the three original planes were done, six more came in the second wave.

Off and on that whole afternoon the business kept up. By night we had over 1,000 wounded in the hospital.

This case was typical of people getting their first air raid.

Since Through 132 Raids

I have since been through 132 air raids and feel like a bit of an old hand about them.

There have been four important testing laboratories or proving grounds for technical changes in modern warfare. These are Manchuria in 1931 where the politico-military combination was tried out combined with a lightning occupation of the whole country. Then Abyssinia and Spain and finally, China. Recent events in Europe show how well the lessons were learned.

In four years, 1914 and 1918 we saw the airplane develop from a fragile thing of bamboo and fabric that could, in fair weather stay up a matter of minutes. At the end of four years it could stay up more than 12 hours, could carry more than 20 men in one case and fly at 180 miles an hour.

These great advances, remember, were made under the stress of military necessity.

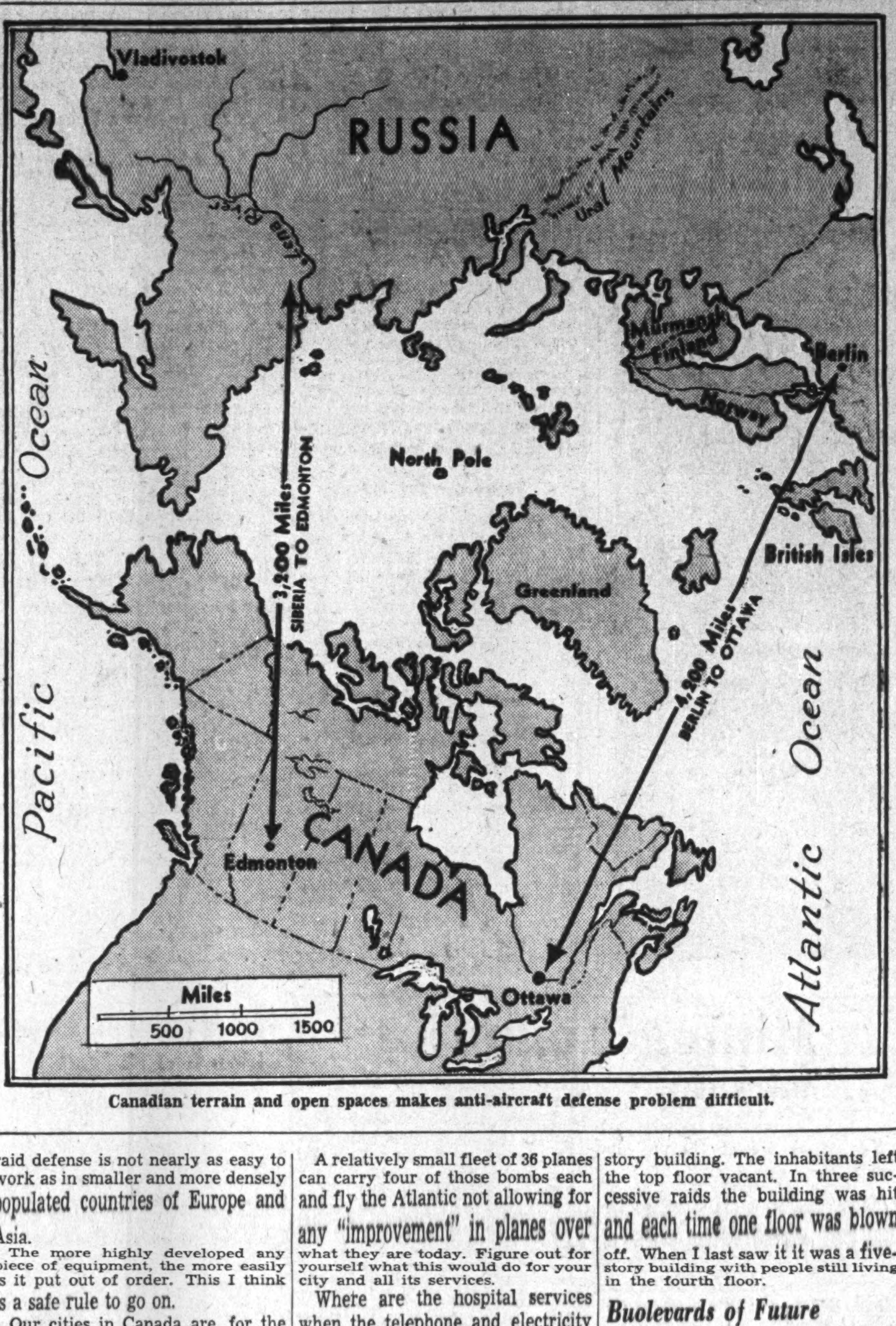
Now take present aviation conditions as the jumping off place and figure out where the military necessity of the day may not take us. Already the Atlantic Ocean is reduced to something not much more formidable than was the English Channel of 1914.

The thing we Canadians must realize is that we no longer have absolute security against enemy air attack because of geography.

In air raids prior to the outbreak of this war—even where highly organized anti-aircraft defense had been set up—experience was that 80% to 90% of attacking bombers got through.

Harder for Canada

In a country as wide as Canada and with large areas of sparsely populated country the system of air-raid defense is not nearly as easy to work as in smaller and more densely populated countries of Europe and Asia.



Canadian terrain and open spaces makes anti-aircraft defense problem difficult.

The more highly developed any piece of equipment, the more easily is it put out of order. This I think is a safe rule to go on.

Our cities in Canada are, for the most part, very highly developed. For instance, it would be poor bombing indeed that did not at the very start put out of action our electric supply, our water supply and our telephones.

Gas pipes and gasoline service stations are a hazard. If we had to go 5 to 15 miles outside of the city limits to get gasoline we would use less. Even suppose that two thirds of the population of our cities could be evacuated into the country, the life of the remainder would still be violently altered.

In one of the large modern cities in England whose air-raid system we were trying to put in order we went to a corner and with a piece of chalk drew a circle 20 yards in diameter. A 1,100-lb. bomb should make a hole about that size. It would be about 15 ft. deep. If demolition bombs were dropped the depth would be nearer 35 ft. and the damaged area much wider in diameter.

Inside this circle we figured out what damage would be done and how long it would take to repair such damage and what areas would be affected. Gas, electricity, telephones, water, street cars and motor traffic are all knocked out at that corner and in some cases the earliest that repairs could be made to restore something like normal conditions would take at least 48 hours.

A relatively small fleet of 36 planes can carry four of those bombs each and fly the Atlantic not allowing for any "improvement" in planes over what they are today. Figure out for yourself what this would do for your city and all its services.

Where are the hospital services when the telephone and electricity are cut off?

Where are your high buildings with no elevators working?

Where is your transportation service with electric wires down, streets torn up and blocked and gasoline stations 10 miles out of town?

Where is the fire department with no water supply to draw on and how is your home fixed to get water for cooking and drinking if you have to carry it from the nearest well, the nearest creek or the nearest lake? These are items that must be considered.

Actual danger to life in an air raid comes from two important by-products rather than from the attack itself. One of these is fire. With the water supply system damaged fires may reach alarming proportions.

The other danger is from flying bits of debris. For when a modern bomb hits a solid structure such as a building, or even the hard pavement it not only sends the ragged bits of the bomb case flying but turns nearby bricks and rubble into missiles which travel at very high velocity and for considerable distance.

It is true that modern steel and concrete buildings do give a relative security over the more antiquated type of construction used in homes.

I know of a bank building in Chungking, the wartime capital of China, that started off as an eight-story building. The inhabitants left the top floor vacant. In three successive raids the building was hit and each time one floor was blown off. When I last saw it it was a five-story building with people still living in the fourth floor.

Buolevards of Future

To avoid the fires the best that can be done seems to be to clear wide fire alleys down the city in a checker pattern. These will become our boulevards of the future. I saw this being done in a former Chinese city with the onlookers merely remarking the well-known Chinese proverb, "If the old does not go out how can the new come in."

The danger from missiles and flying debris can be countered best by the population taking to trenches and dug-outs as long as the raid lasts. This makes it necessary to make some changes in the hours of work if anything is to be done at all in our modern cities. In many cities in China the hours were changed so that general buying was conducted from 5 p.m. until 3 a.m. and banks were open from 7 p.m. until 10 p.m.

Factories and educational institutions were moved out of town and disguised and scattered as much as possible. I was in one very up-to-date machine shop where they had the whole plant disguised as a farming village and in the yard they had a couple of water buffaloes tethered to keep up the realism.

Though poison gas has been much advertised it has not yet been used. Aside from its ability to force a besieged garrison in a relatively small area to submit it is doubtful if gas has any large place in destroying great blocks of the civilian population. Of course, in this sphere, too, we may have to look for some marked "improvements."

A New Hazard

The danger of an actual invasion of Canada from the air is slight. But troop-carrying planes change those things in rural areas particularly. The dropping of spy-leaders and experts at demolition forms a very real hazard with this new technique.

It is quite probable that generalized military training and arming of all civilians in outlying districts may yet have to be.

Other modern improvements in warfare are in the lines of spying and sabotage, radio and press propaganda including "fifth column" activities and such things as calculated frightfulness and terrorizing of masses of the populace whether they are combatants or non-combatants in the old division of those classes.

Remember, in modern warfare its whole philosophy denies that there are any such people as non-combatants. Every man, woman and child is in the modern war whether they like it or not.

Canada is the source and the route for transmission to England of much of the material for the conduct of the war. The complex organization of the modern war machine is surprisingly subject to "bottlenecks" where the delay or shortage in some one essential item may lead to a delay of the whole programme of production.

Again the rule that the more complicated the organization the greater the risks of interference.

The Modern Spy System

It is in situations such as this that modern spy work does its greatest damage. Sabatage nowadays is seldom done by foreigners directly. That would be much too conspicuous.

Every large industrial organization has a few disgruntled employees, anxious to get imagined revenge. The disgruntled may be aided and directed—perhaps innocently — by the saboteur.

The spy's methods of operation have changed much in recent years. It has been one of the outstanding advances in modern warfare. By short-wave radio the spy is now kept in direct touch with his headquarters and there are thus fewer hands through which a message passes before it is away. This makes detection very difficult indeed.

The sets available for this purpose are as small as a salt and pepper shaker put together. With this little outfit there is a telephone handset and a cartridge belt of flashlamp batteries supplies the power. An umbrella or a fishing rod folding into a walking stick can be the aerial.

Such a set even some years ago was good enough to telephone up to 100 miles in clear weather particularly at night. If used for code the telephone handset was thrown away and a small push-button type of telegraph key used instead. The times of transmission and the wavelength on which each transmission was to be made are all arranged before hand.

Remember there is as much range between 5 metres and 20 metres as there is between 500 metres and 2,000 metres so that ample range is present.

The Raised Umbrella

To use this the operator hoists his umbrella on the hotel roof, out of a window on one of the upper floors, or on a little rise of ground out near the suburbs and at exactly the right time is on the air for two minutes.

Then at night in an entirely different place on another wave length.

The radio people will tell you that they can detect this man and get a cross bearing on him on a map and then send the police car to pick him up. Chances are that if he is heard by one listener he will be finished before the other one can find him on that particular wave length and in any case long before the police car can get to him he has folded his umbrella and walked out of the district.

Spies of this type whom I have seen captured have been caught with extremely good luck and with the watchful co-operation of hotel maids, waitresses and such people. Ordinary police methods just do not work very well against this setup. Such spies can, of course, be dropped from airplanes at any time and replaced if one is picked up. We know that in China spies have been both dropped from the air at night and picked up again and taken back later on. Canada has some places that are rather wide for such work compared with China too.

Shielding Workers

This whole problem is so terrifically difficult to solve that one of the methods used in China has been that instead of keeping the spy away from the workmen in important factories the workmen are kept away from all potential spies. The workmen are kept on the factory premises with their families and the entire factory staff becomes an isolated community for the duration. This works in very well when essential factories are being moved to the country in any case to get them out of the air-raid danger zone.

Calculated "frightfulness" has been used since time immemorial to conduct war. In the old days when communications within a country were very poor it is quite possible that such conduct had something to recommend it. It is based on the psychology that if communications are poor and one person in a certain region looks around and sees a number of people all being subjected to terrific persecution all at the same time he immediately thinks, "Well, certainly, George under similar conditions would not be sticking it. Therefore why should I?"

If he can be encouraged and if he can be assured that his fellows are first of all not all being subjected to such treatment and further that those who are being subjected are sticking it even better than he is, then he will stick it too.

Steeled to Suffering

We had such a situation among Chinese farmers who were surrounded by invaders in China in 1937. Cruel treatment was becoming effective in some cases. When we developed radio news to encourage them with local news and when we had planes fly over them once in a while with encouraging literature we were able to steel the people to endure the suffering and those areas shortly afterward became the centres for some of the most enduring guerilla warfare. Properly countered frightfulness alone cannot undermine morale.

All methods to undermine morale have this weakness. If they do not work for any reason their effect is not merely eliminated but they aid on the contrary to increase morale among the people. Their rebound is very effective. Propaganda, frightfulness, hardships, all these things work drastically either one way or another. And if we can but keep them from getting us down they prove to be tremendous boosters. I know this to be the case in China and from very reliable sources I am told that the same was true in both Abyssinia and Spain.

Morale Real Problem

It is not from the material damage that we need have our chief fear.

The real increased danger over the last war is the improvements that have been brought about in the many-sided attack upon our morale.

I feel certain beyond the slightest doubt that the winning or losing of a modern war depends more on the state of the morale than upon any other feature.

Here are three suggestions which help to keep morale high in both the individual and the mass.

1. A well-disciplined background to the character of the people such as a deep patriotism or a deep religious motive.
2. A strong feeling of unity, both politically and nationally, in carrying on the war and a determination to see it through.
3. A clear-cut picture of the objective for which we are struggling.

Finally remember that the problem of keeping up national morale is a problem of leadership. The leadership must be given by intelligent people in every single department of our complicated life.

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Is There No New Use For Wheat?

National Research Council Sees No Miracle Cure For Surplus

What to do with Canada's oversupply of wheat is a problem of the utmost magnitude. Today Canada has the greatest oversupply of wheat in her history, but wheat oversupply has in recent years become a problem of almost chronic regularity.

It is a subject which was discussed at great length in Parliament within the past month. The problem of finding new uses for wheat, probably in industry, is one that holds a fascination for many.

G. T. Fulford, M.P. for Leeds, discussed manufacture of alcohol from surplus wheat and the use of the alcohol as a blend in motor fuels. He foresaw here an outlet for some 100 million bushels annually, an amount which would materially relieve the wheat problem in Canada.

Canada's National Research Council has devoted considerable attention to searches for new uses for wheat.

This scientific organization concludes that industrial utilization of wheat in Canada, even including uneconomic ones, would not go far toward solving the wheat problem.

From the technical standpoint there are a number of possible uses for wheat quite apart from its use as a food. Few of these uses, however, are found economically feasible on the basis of research done by the National Research Council.

Composition of Wheat

In order to assess the possibilities for the utilization of wheat it is necessary to consider the composition of the grain ad the characters that differentiate it from other materials.

Western Canadian wheat contains on the average the following:

Protein	10 to 16%
Starch	47 to 55%
Fat	2%
Fibre	2½%
Pentosans	8%
Sugar	3%
Ash	2%
Water	13½%

Only protein starch and pentosans occur in amounts sufficient to warrant consideration.

The protein of wheat does not differ chemically to any appreciable degree from the proteins of other cereals. Physically, however, it is unique in its ability to form a resilient and elastic gluten. Similarly, wheat starch does not differ appreciably chemically from starches from other plants, but it is distinguishable physically. The pentosans have been less extensively studied but they are not known to have any particular chemical distinction and the physical properties are not important.

Protein for Bread

The ability of wheat protein to form gluten is the basis of its preferred position as a bread grain. So far, no other use based on this characteristic has been found and the fact that even mild processing causes the wheat to lose its capacity to form gluten makes it doubtful that this unique character can be turned to other uses.

For chemical derivatives skim milk provides a cheaper and more convenient source of protein. The Chinese use wheat protein as the basis for certain sauces, but the amount that could be utilized in this way is extremely limited.

Starch Largest Part

Starch is by far the largest single constituent of wheat and, therefore, from the standpoint of possible utilization, the most important. It can be prepared quite readily in pure form.

For certain uses it is technically preferable to corn starch. For others, including the manufacture of starch derivatives, it could replace corn starch, the choice between the two being economic rather than technical, the council reports.

Uses as Starch

In baking powder, wheat starch is superior to either corn or potato starch, as it yields a more stable baking powder than either of these.

Wheat starch is imported in appreciable quantities for use in laundries and textile mills. It is generally recognized that finishes of special characteristics are attainable through the use of wheat starch.

For puddings, etc., wheat starch gives a very desirable texture when concentrations somewhat higher than for corn starch are used.

Wheat starch can replace corn for use in adhesives.

Starch Derivatives

Three products made from starch find wide use in industry.

Dextrins of excellent quality for textile uses can be prepared from wheat starch. Dextrins are made by decomposition of starch and used for sizings and adhesives. When the protein content is properly reduced, glucose can be prepared quite readily from wheat starch.

Alcohol, the widely advocated use for wheat, presents no grave technical difficulties in manufacture.

The only large industrial use for pentosans is as the starting product for the manufacture of furfural. Oat hulls provide a much cheaper and more satisfactory source of this material. Furfural is an oily liquid obtained by distillation. It is used in the manufacture of lacquers and dyes.

Of the uses here mentioned which are technically feasible, only those for which wheat starch is particularly suitable—in baking powder and for laundry starch—have any chance of unsubsidized industrial development.

Potatoes and corn and even barley are cheaper sources of starch, and, unless wheat starch shows a technical advantage, these will always be used in preference to wheat.

Skim milk is a cheaper source of protein and oat hulls of pentosans.

How Much Wheat?

The suggestion has often been made that the wheat surplus should be disposed of by industrial utilization and the manufacture of alcohol is the method of utilization most often suggested. There are no major technical difficulties in the manufacture of alcohol from wheat and the soundness of the proposal hinges on its economic soundess.

The existing market for industrial alcohol in Canada is limited and is not capable of any marked expansion. The suggestion has been made that the market should be increased by adding alcohol to gasoline for motor fuel.

Mixtures containing up to 30% of alcohol can be used in existing automobile engines with an improvement in engine performance. However, the cost of alcohol is higher than that of gasoline. In 1930 the cost of gasoline at the refinery was under 13 cents per gallon. The cost of alcohol would vary from 25 cents per gallon, using wheat at 20 cents per bushel at the distillery, to 50 cents per gallon, using wheat at 70 cents per bushel. Even if only 10% of alcohol were used in the fuel the price at the refinery would be increased by from 1.2 cents per gallon to 3.7 cents per gallon over the wheat price range mentioned. Obviously such fuel could not be sold in open competition with ordinary gasoline and the addition of alcohol would have to be enforced by legislation. The amount of alcohol required annually for a 10% blend would be over 50 million gallons, which would utilize only 25 million bushels of wheat.

The manufacture of baking powder uses about 4.5 million pounds of starch, and laundry purposes 8 to 9 million. These two uses would only account for less than half a million bushels of wheat. If all the starch used in Canada for all purposes were made from wheat the amount consumed would only be slightly over 3 million bushels.

United Steel Sales Continue Good Gains

United Steel Corporation has had sales gains in each of the seven months ended July 31 last. This makes the cumulative total for this period considerably ahead of the 1939 months. No forecasts as to profits have yet been made but the orders on hand indicate that high rate of operations will continue for the balance of the year.

Major plant expansion has not been needed this year. Nothing further has yet been done regarding the sale of the debentures authorized last April to consolidate operations and purchase minority interests in subsidiaries.

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